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The **Credit World**

JUNE, 1942



HOTEL ROOSEVELT - CONVENTION HEADQUARTERS
30th ANNUAL CONFERENCE AND CREDIT SALES FORUM

NATIONAL RETAIL CREDIT ASSOCIATION

New Orleans, June 15-18, 1942



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The CREDIT WORLD

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EDITOR

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ASSOCIATE EDITOR

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AT NO TIME IN THE HISTORY of the National Retail Credit Association, covering thirty years, have the credit granters of the United States and Canada been confronted with so many and such perplexing problems as at this time.

Management should insist that their credit executives attend the 30th Annual Conference and Credit Sales Forum of the National Retail Credit Association, to be held in New Orleans, June 15-16-17-18. Representatives of the Federal Reserve Board at Washington and of several Federal Reserve Banks will informally discuss, at a number of the group meetings on Tuesday, Amendment No. 4 to Regulation W, which became effective May 6.

On Wednesday morning the Honorable Ronald Ransom, Vice Chairman, Board of Governors of the Federal Reserve System, will address the convention and all of that afternoon will be devoted to an open forum discussion of the Regulation. At this meeting suggestions and constructive criticism will be offered, in an effort to present to the Federal Reserve Board the viewpoint of representatives of all types of retailing, banks and finance companies. The minutes of this meeting will be sent to the Federal Reserve Board for its information and guidance.

On Monday morning, and Tuesday and Thursday afternoons there will be group meetings of the following:

Commercial and Industrial Banking
Department Store
Home Service
Hospital
Hotel
Installment and Finance

Jewelry
Men's Wear, Women's Wear and Shoe
Newspapers, Printers and Stationers
Petroleum
Public Utilities

The discussions will be participated in by leading credit executives of the respective lines and should result in the solving of many of the most pressing problems. Other discussions of policies and procedure, as well as possible post-war problems, will prove helpful and of real value to all delegates.

Decide now to send your Credit Manager to New Orleans! He will benefit from the interchange of ideas and experiences and the many discussions of Credit in Wartime.

Your investment will pay real dividends!

A black and white portrait photograph of David S. Dolen, a man with dark hair and glasses, wearing a suit and tie.

President
National Retail Credit Association

The Outlook for Business

Under Today's Planned Economy

John F. Sly

Professor of Politics, Princeton University

A FEW DAYS AGO, I read with considerable interest a report from the *London Times* of March 17, outlining the viewpoints of Sir William Beveridge on wartime changes in Britain.

Sir William Beveridge is the dean of British economists. He is no crackpot, no leftist, no armchair reformer. He has been for many years director of the London School of Economics and Political Science, has more recently become Master of University College, Oxford, and has mingled actively in English public life. He has written extensively in the field of unemployment insurance and wage and price economics, invented a submarine war game called *Swish*, and wrote *John and Irene; An Anthology of Thoughts on Women*.

What Sir William says must carry weight and what he urged for the duration, and what the conservative *London Times* impliedly endorsed, was this:

1. The virtual elimination of the profit system.
2. The abandonment of party government.
3. The transformation of labor unions into "conscious agencies of national policy."

These are not only radical suggestions—they are sensational—and coming from a man of the character and prestige of Sir William Beveridge, they are arresting. Their implications are totalitarian. They premise the enormous expansion of state power, and the contraction of private enterprise, independent labor organizations, and political parties.

It is true that Britain is much further along the war road than we are; that her production problems have been far greater than any we have yet faced; that a prolonged "fortress economy" compels and justifies a unity of action which is military rather than political; and that even Sir William presents his proposals for the duration only.

But there is, nevertheless, uneasiness here in America, and, I am inclined to think, in Britain also. For the first time we are asked to fight a total war, and this means a total sacrifice—universal mobilization for war; perhaps 80 per cent production for war, retail price con-



trol and rationing for war, and, more ominous still, the abandonment of the ways of a democratic people. We face a sober question; Victory we will have—be it five or twenty-five years away. It may well give us world dominance, but *will it set us free again?* Sir William says:

The time calls for two changes: first, for the State to take direct responsibility for the control of vital industries and for the distribution of income; second, for the assertion of the principle that service rather than personal gain should be the mainspring for the war effort in industry as in fighting.

These are astounding words. Set them in the background of what free economic enterprise in the American sense requires:

1. That business—the production and distribution of goods and service—be performed mainly by individuals or corporations.
2. That regulation by government be restricted to the motivation of maximum production, to the maintenance of fair competitive relations, and to the protection of any group or groups from economic exploitation.
3. That the right to own property be recognized as the keystone of freedom. By this is meant all forms of property—lands, improvements and chattels; wages, salaries and dividends—a complete coverage; for there can be no fractional concept of private property any more than a man can be fractionally free.
4. That the use of property remain unimpaired—save where the welfare and safety of the community is concerned—and that the unimpaired use of property involve the doctrine of free competition.
5. That free competition accept the profit motive as the most effective base from which to develop individual initiative, and accept, likewise, a belief in progressive compensation for progressive risk as the surest way to provide opportunities for a fuller national life.

Long before Pearl Harbor, strong forces were in motion to modify these concepts of private enterprise. They developed from practices on the part of business itself which compelled government intervention; they were extended through a philosophy of social paternalism which tended to identify profits with a kind of social larceny; they fostered a national attitude unfriendly to business, and through regulatory devices—administrative and fiscal—cut heavily into the concept of private property to which American enterprise has been so long accustomed.

Much of this, even American business admits, was beneficial. Had we been permitted to work out this

development to a point of balance; had we been permitted to redress the excessive steps that haste, fervor, and great political dominance made possible; had there been an environment in which the real issues of business and government could have been joined, evaluated and resolved in public action, a new level of social thinking might have been adjusted to the older values that have made us great.

What business feared was not long-term planning, not new social values, not even regulation, which in its "New Deal" inception of the blue-eagle days was widely welcome. But it was:

1. Monetary juggling that threatened the integrity of its long-term commitments.
2. The fantastic distribution of public money that unbalanced budgets, wage scales and employment.
3. A public policy of underproduction that squared so badly with American industrial habits and facilities.
4. A tax policy that fell so heavily on segments of the income-producing public.
5. And I think, above all, a denial of a place at the nation's councils where matters of tremendous concern to American business were being determined.

Organizing for Total War

It was around this background that the war broke, and all speculation as to long-term policies ceased. The objectives were clear; man power (the Selective Service Act); maximum production (the War Production Board); and subsistence levels (The Office of Price Administration). American business abandoned all efforts toward adjustments to a new social order and faced the restrictions of a war economy; priorities, allocations and conversions; price control, rationing, and standardized production; credit restrictions, tremendous taxes and labor control. This is not planning in the social sense—it is merely organization for total war. But with the background on which it is built, wartime restrictions can be easily identified with social benefits, and the control devices of the emergency welded into a "New Order" for America. Every American knows there is only one formula for a "New Order" and that is the totalitarian state with appropriate local adjustments for race and geography.

Now business finds itself in a new environment.

First: It is an environment reaching toward total war. This is a new experience for America, and its grim civil reality has been driven home in three ways:

A new type of war casualty—hundreds of civilian enterprises crushed beneath the pressure of priorities, credit limitations, price restrictions, and rationing.

A violent shift in total industrial production—by the close of 1942, 50 per cent for war and 50 per cent for home use.

A tremendous jolt on the tax side—income tax levies without precedent in American experience and destined, perhaps, to be doubled within a year.

Second: It is an environment built upon a fiscal policy which has always been precarious and has on many occasions led to disaster. This is spelled out with heavy borrowings, continuing deficits, fantastic expenditures and narrow tax bases.

Third: It is an environment of rising prices, expanding credit and restricted production of consumer goods. These are the initial swirls of the inflation spiral.

Fourth: It is an environment of tremendous federal

influence, the danger of which is not so much federal usurpation, as it is state and local resignation.

Fifth: It is an environment of intense group interest in public affairs. Never before has labor been so well organized; farm groups so powerful; management so articulate; civic, professional, economic and social groups so aggressive in their efforts to influence public policy.

Sixth: It is an environment which upon three occasions has been endorsed at the polls and has been, to a large extent, legally sustained. Whether we approve it or not, it is the environment upon which we have undertaken to enter a global war, the first of our "total wars" which, we repeat, can only end in "total victory."

There are certain facts which stand out in this environment:

A national income of 94½ billion dollars in 1941—22 per cent more than in 1940, 13 per cent more than in 1929; 113 billion predicted for 1942.

Real income exceeded the 1940 volume by 15 per cent and the 1929 volume by 30 per cent.

The per cent of national income represented by war expenditures was 3.2 in 1940; 12.5 in 1941; about 20 per cent at the close of 1941; it is hoped to be 50 per cent at the close of 1942.

War expenditures paid in part by taxes will account for 47 billion dollars of the 1942 national income, leaving 66 billion dollars for civilian consumption.

Production schedules for 1942 call for 15 per cent increase over 1941—but this schedule is 53 per cent war goods and 47 per cent home goods—a one-quarter reduction in home goods over 1941.

The federal debt is now about 61 billion dollars. Congress has extended the limit to 125 billion. The President estimated in his budget message that the federal debt would be about 110 billion dollars at the close of 1943. It may well be that 1945 will see a 200-billion-dollar debt.

The federal deficit for 1941 was 5 billion; for 1942 (estimated) 18 billion; for 1943 (estimated), 35 billions.

Expenditure proposals for war purposes for 1941 were 6 billion; for 1942 (estimated), 24 billion; in 1943 (estimated), 52 billion.

Taxes for 1941 were 3.5 billion; for 1942 (estimated), 12 billion; for 1943, as required by the President, 27 billion.

Total industrial production was 27 per cent more in 1941 than in 1940, but goods for home use remained constant.

Production for 1942

Production for 1942 calls for 15 per cent increase over 1941, but this schedule is 53 per cent war goods and 47 per cent home goods—a one-quarter reduction in home goods over 1941.

During 1941, the cost of living increased about 10 per cent. Wholesale prices, about 15 per cent. Even a similar increase in 1942 will make a 20 per cent increase in the cost of living over 1940.

From these brief comments the following points of view stand out in my thinking:

We are in the initial stages of an inflation spiral, which only prompt governmental action can control.

(Turn to "Outlook for Business," page 31.)



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Retail Credit Policy for 1942

*Carl N. Schmalz**

IN VIEW of the tragic news of Pearl Harbor, Hong Kong, Malaya, Singapore, the Java Sea, Java, Burma, Libya, the Normandie, the tanker sinkings, Aruba—there should be no need for belaboring the point that these are extremely critical days in the life of our nation. As a matter of fact, it seems entirely possible for us to lose this war; and it seems entirely possible that the United States itself may be invaded before peace is declared.

Moreover, if our country is defeated in this war, it will be no academic matter involving only warships, soldiers, and officials in Washington. If we lose this war, every one of us will know what it means to be licked. When peoples as able as the Germans and the Japanese set out to make war a national profession; when they, for years, deny themselves the ordinary comforts of life and the very freedom of their souls to create a military machine; they are not playing for marbles. They are playing for big stakes; and if they win they can be depended upon to demand the spoils. Look at Nanking, at Poland, at Hong Kong, at Norway, at Holland, at Denmark, at Greece, and at France—and you can begin to imagine what the loss of this war would mean to each one of us, to our homes, our wives, our children, our freedom, our standard of living, and our businesses. We of the United Nations have achieved some things very much worth while; and now we have to fight to keep them.

Victory at Any Price

When one looks at the consequences of military defeat, he can reach only one conclusion: that victory is worth almost any price. In view of the handicaps under which we entered the war, and the literally world-wide scale on which we must fight, victory will require an effort far exceeding anything that most of us can imagine. I assume, in fact, that during the next 18 months we in this country will have to make the greatest war effort in history.

Let us not suppose that we can do that without a singleness of purpose, a degree of determination, and a willingness to sacrifice substantially exceeding those of 1917 and 1918. And let us who are merchants remember that the United States cannot do this job by converting its factories to war and leaving the activities of distribution on a peacetime basis. The shift of the economy must be thorough.

I say these things for two reasons. I say them first because apparently many of our citizens still fail to appreciate the gravity of our national danger. They complain of tires, and sugar, and other minor interruptions

of their accustomed routines. They chisel, they bootleg and they hoard. They have the complacency of Britain before Dunkerque and of Hawaii before Pearl Harbor. I don't want any one of us to share that complacency.

I say these things, second, to emphasize the fact that our national problem is so important, so fundamental, that it colors, dominates, transcends, and controls practically all our personal and business problems. We cannot consider retail credit policies for 1942 intelligently without having the nation's problems very much in our minds.

In the face of these circumstances, what should be the objectives of retail credit policy in 1942; and what policies, precisely, should retail credit men follow in order to achieve these objectives?

Objectives for 1942

The first objective of the retailers' credit policy this year should be to achieve financial integrity for his firm and then to preserve that integrity. This may seem a purely selfish objective and, hence, one not appropriate in wartime. I do not agree with that view. We cannot fight a long war, or really win a peace, with a national economy which is financially unsound; and we cannot build a sound national economy on a foundation of unsound individual businesses. Furthermore, it definitely is in the national interest to make the transition from peace to war, and later from war to peace, as smoothly as possible, with as little as possible of disturbance to normal activities. Yet these transitions are bound to cause many business failures and much shifting of both businessmen and their employees from one occupation to another. The change-overs will be sufficiently difficult without the addition of unnecessary failures arising from unsound extension of credit and from weak financial structures.

In this instance, therefore, the national interest squares with the selfish interest of the individual businessman. The first objective of retail credit policy in 1942 should be the achievement and preservation of financial soundness. First of all the accounts receivable asset should be made, and kept, a sound asset.

Second, and insofar as sound financing of their respective businesses will permit, retail merchants should shape their credit policies to provide the utmost of cooperation with the national war effort. For 1942 and 1943, this means that retail credit policy should be designed to minimize the inflation of bank credit and of prices. This inflation appears to be almost an inevitable accompaniment of war in a modern economy. As you all know, it took place to a substantial degree between 1915 and 1920; and since 1939 we have experienced a

*Controller, R. H. Stearns Company, Boston. Formerly, Chief, Bureau of Business Research, Harvard Business School.

substantial price rise, though one much smaller than that which occurred during the corresponding period of the first World War.

The danger of further inflation during the next 12 or 15 months may be indicated simply by some figures presented in the last monthly letter of the First National Bank of Boston. This letter pointed out that national production, which is the same thing as national income, for the year ending June 30, 1943, will amount to about 110 billion dollars; and that, of this amount, only about 56 billion dollars will consist of consumers' goods and services, assuming the continuation of present prices. Federal taxes, it is estimated, will take about 27 billion dollars additional; and the rise in the cost of living already in sight another 7 billion dollars.

Thus, consumer goods, Federal taxes, and the higher cost of living will require about 90 billion dollars, leaving 20 billion dollars of what may be called excess purchasing power. If this money is left in the hands of consumers, and if they use it to bid up the prices of the 56 billion dollars of consumer goods estimated to be available, prices of those goods will rise considerably, possibly by around 35 per cent.

Obviously, any sizeable increase in prices should be prevented. If it is to be prevented some way must be found for absorbing the 20 billion dollars of excess purchasing power.

There are only three ways of doing this: the paying off of debts, taxation, and government loans. The First National Bank's letter offered no estimate of the amount which might be absorbed by the paying off of debts. I have not been able to make such an estimate. Manifestly, however, debt varies greatly from individual to individual. One person may have a \$10,000 mortgage on his house; another may have \$500 in doctors' bills; and a third may owe only a few dollars at the corner store. Moreover, the people whose incomes expand this year, may not be the ones who have debts and who choose to pay them. It is hard to say how much of the excess purchasing power will be used to pay debts. Probably one had better not hope for much relief from this quarter.

Taxes presumably will be raised. If they are, I assume that they will draw off more than the 27 billion dollars indicated, thus cutting into the 20 billion dollar balance. Also, the purchase of government bonds undoubtedly can be stepped up by means such as the payroll deduction drive now starting.

But let us remember that this purchasing power, by and large, will not be in the hands of the well-to-do, the people of fixed incomes, the professional men, and the corporations—all of whom have become accustomed to heavy taxes. It will be in the hands of the wage earners who are building the planes, and the ships, and the tanks, and the materials that go into these things.

Government is considering ways of absorbing some of this purchasing power by new taxation and by forced

saving. This involves difficult problems, both administrative and political. We should back up government to the hilt in this task, and we should not worry too much about details of method. The main objective should be to draw off the purchasing power and to draw it off promptly.

After all that government can do, however, there will be much excess purchasing power left. That is where retail credit policy comes in. It is only sensible and patriotic for retailers to avoid doing anything which will increase consumer purchasing power and to do everything possible to reduce consumer purchasing power. Retail credit policy should be directed to those ends.

In other words, the second objective of retail credit policy should be to minimize further inflation. Please note that I do not include, as a third objective, the securing of additional sales volume. In 1942, retail credit policies should be selected for their contributions to the financial soundness of individual firms and for their anti-inflationary influences, but without regard to their effects on sales.

It is true that this year and, perhaps, even more next year, retailers will need all the volume they can get. Many stores are going to close for sheer lack of goods to sell. Almost all stores will be affected to some degree. Competition necessarily will become keener as merchants struggle among themselves for the reduced volume of business. Stores will be able to maintain their sales (I speak of physical volume, not dollars) only by taking business away from their competitors.

Under these conditions, there will be strong temptation to use credit as a means of getting additional business. To yield to this temptation would be unsound and not in the national interest. In 1942, we want very definitely to sell all the consumer goods and services that we can; but we want to sell them for cash, or on 30-day terms, which are practically the equivalent of cash from the standpoint of national monetary and credit policy. At this time, we definitely do not want to increase the financing of consumers. Indeed, we want to reduce it.

In this connection, it should be noted that to extend new consumer credit exactly offsetting the consumer credit paid off would not be inflationary. A positive influence to increase prices would result only if new credit extended were greater than credit obligations retired.

Certainly we are interested in preventing net additions to the amount of consumer credit, in order that this factor may not be inflationary. But, if we merchants are to cancel out some of the inflationary influence resulting from other factors, and if we are to absorb part of the excess purchasing power, we must do more than prevent net additions to consumer credit; we must bring about progressive reductions in the consumer credit outstanding. In other words, the new credit extended must be less than that paid off, so that the total credit outstanding

In the July Issue
Outstanding talks of the
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Others will appear in the
August and September
Issues

declines. The more rapid we make this decline, the greater will be the absorption of excess purchasing power and the greater the brake on inflation. In formulating the policies to be proposed later, I have assumed that we want to reduce the amount of consumer credit outstanding.

At this point, let me interject one thought which should be borne in mind. Strictly speaking, credit is granted at retail only when through credit the customer is allowed to purchase something which otherwise he could not purchase until a substantially later date. Really, retail selling involves credit only when there is true financing of the consumer's purchase, whether or not a charge is made for that financing.

Extension of Credit

Installment selling, therefore, is based on the granting of credit; and so is the sale of goods on the three-payment (90 days) or ten-payment (70 days) plan. Some open account selling, such as that by the general stores in the cotton-growing districts of the South, clearly involves the extension of credit. The same is true when a credit grantor arranges open account credit for more than, say, sixty days, to accommodate an individual customer.

On the other hand, the sale of goods on open account to be paid for within 30 days from the end of the month does not involve sufficient financing of the consumer to warrant our considering it a sale on credit. The 30-day account, when the terms are observed, represents a convenient means of settlement rather than a form of credit. And when settlement is made, on the average, in 60 days, with little or no deliberate intention that this much time is to be taken, the arrangement still has more of the characteristics of a convenient method of bulk settlement than of true extension of credit.

In speaking of credit I do not mean charge sales made on open account under 30-day terms with a collection ratio of 50 per cent or higher. I refer to transactions which contemplate more than 30 days' delay in payment and for which, on the average, more than 60 days actually are taken.

To return to our main theme, the objectives of retail credit policy this year are two:

1. To achieve and preserve the financial integrity of the individual retailer and the soundness of the accounts receivable asset; and
2. To minimize further inflation of prices.

What policies should retail credit men adopt in order to reach these objectives? First, there should be no lengthening of time to pay for any type of credit or open account business. Wherever feasible, time to pay should be shortened.

If a retailer handling articles now subject to Regulation W has not been offering them on the installment plan, he should not now offer to sell them on installments even though that is permitted by the Federal Reserve regulations. If he has been selling such goods on deferred payments, but with a shorter time to pay than now specified in the regulations, he should not lengthen the time to the legal maximum.

If a merchant heretofore has not carried some articles for which installment selling is permitted (bicycles, for instance) and now adds these articles to his stock, he should not offer them on the installment plan.

A merchant should not substitute three-payment or ten-payment terms for regular 30-day terms. In fact, if he is now using the three-payment or ten-payment plans, he should move back toward the regular 30-day terms as rapidly as circumstances permit. We must remember that further increases in retail credit should not be allowed; and also, we should remember that an actual reduction in outstanding credit is still more to be desired.

If a retailer does not now use installment, three-payment, or ten-payment terms, he should not adopt them. If he uses them for some, but not all, of his merchandise, he should not extend them to articles not now sold on these terms.

If a merchant selling on open account has been lax in his collection policy, so that what loosely are termed 30-day accounts show a collection ratio of 30 per cent or 35 per cent, he should do two things:

- (a) In opening new accounts he should stress the fact that payment in 30 days is expected.
- (b) He should put additional pressure on collections in an effort to bring the ratio up to 50 per cent or better.

All these steps will avoid increases in time to pay or will actually reduce it.

Finally, one should remember that the Federal Reserve regulations, even after their recent revision, permit the extension of a great deal of credit. If we really want to help reduce the likelihood of a major inflation, we should reduce our terms to points substantially below those indicated by the regulations.

As the first policy, then, we should not increase the time to pay on any article by any arrangement, and we should actually reduce the time to pay wherever feasible. Note that this policy, if adopted, will do two things. It will tend to lessen the danger of inflation, and it will improve the character of the accounts receivable asset.

The line of thought represented by these last remarks should also be applied to down payments. As our second policy we should not lower the down payment on any article through any arrangement or device, and we should actually raise down payments wherever that is feasible.

Terms and Down Payments

Where a merchant's installment terms are stiffer than those required by the Federal Reserve, he definitely should stick to his own terms. The down payment percentages specified in the regulations should be taken as the minimums, of course, but it is not desirable that they be taken as maximums. Neither is it especially desirable that the down payments on articles not yet subject to regulation should be smaller than those specified for regulated articles. Here again, the policy suggested will strengthen a merchant's financial position at the same time that it works against further inflation.

A third policy, consistent with these objectives, should be to avoid increasing the number of articles sold on credit. If a merchant now begins handling an article not previously handled, he should not offer it for sale on terms more liberal than 30 days. If he buys out the business of some other retailer and adds the new articles to his own lines, he should not offer the new items on terms more liberal than those on which they were sold by the merchant from whom he bought. This is not the time to add to one's outstanding receivables by offering to sell more items on credit.

Fourth, collection effort should be increased on both installment and regular charge accounts so as to reduce the average time taken to pay. For the regular 30-day accounts a collection ratio of 60 per cent perhaps is the minimum to aim at, and 66½ per cent would be better from the standpoints of both the merchant himself and the national credit policy.

For installment accounts, it may be pointless to mention a specific ratio to be selected as a goal. The several suggestions made thus far, if adopted, would result in a raising of existing ratios; and, whatever terms are granted, the collection effort should contemplate as close adherence to those terms as is practicable. Thus, more stringent enforcement of the stiffer terms should be the fourth policy.

As regards new accounts, it would seem to be only consistent and logical to discontinue altogether the solicitation of new credit business and to take on this business only at the customer's request.

According to the definition advanced earlier, by which regular charge business with a 50 per cent collection ratio was declared to be equivalent to cash, this statement strictly interpreted would mean that active solicitation of new installment, three-payment, and ten-payment business should cease, but that solicitation of new business on 30-day accounts might continue. This distinction is logical, but I would not use it to justify a difference in policy. Under existing circumstances, it would be wiser, in view of the merchants' own welfare and of the public interest, for retailers to discontinue the active solicitation of all forms of new credit and charge accounts, as well as the active solicitation of new business on old deferred payment accounts.

Note that one, as yet, need not go so far as to suggest not opening new regular charge accounts, or not making new credit sales, where the customer takes the initiative. When a customer seeks either an account or credit accommodation, understands the terms, and seems willing and able to abide by them, I am not yet willing to refuse the account or the sale. This is true especially if she wants a 30-day or open account.

Neither need one go so far as to suggest that stores should stop advertising goods which they know are likely to be sold on credit or on regular charge accounts. This is true especially for stores selling on 30-day charge accounts and with collection ratios higher than 50 per cent. The charge business of these stores approaches the cash basis fairly closely.

On the other hand, theoretically, we merchants will do our part toward absorbing the excess purchasing power created by our change-over of production from peace to war by selling only for cash or its working equivalent. Presumably, we should not be too lenient with our consciences.

All this points to the fifth suggested policy: that we stop the active solicitation of new accounts and of new credit business.

The sixth policy follows almost as a matter of course: that we become more strict in opening new accounts, whether for true consumer credit or for 30-day accommodation. We should give the new accounts only to people believed to be able and willing to pay as agreed according to the more stringent terms already suggested. In addition, of course, we should scrutinize our applica-

Hon. Ronald Ransom

The Vice-Chairman, Board of Governors, Federal Reserve System, Hon. Ronald Ransom, will participate in an open forum meeting at the 30th Annual Conference and Credit Sales Forum of the National Retail Credit Association at New Orleans on June 17. This meeting is being called for the purpose of discussing problems involved in regulation of consumer credit. As the subject is of great importance to all credit granters, it is imperative that you make plans **NOW** to attend the Convention and enter into the discussions.

It is not too late to make arrangements to attend! This is the most important meeting in the history of our Association.

tions in a different manner than we have, because, in these times of war, credit risks are not the same as they were five years ago.

The thoughtful credit man will realize that this particular policy is included as much for the protection of the store and to insure the soundness of its accounts receivable as in the public interest.

The seventh suggested policy is closely related to the last two. It is that we consider carefully the possibility of joint action to discontinue further charge selling to open account customers who do not adhere closely to the more stringent terms. If an automatic cut-off of this sort were to be effective in reducing the outstanding credit, presumably, the cut-off point could be placed somewhat beyond that, say 75 days, represented by the existing average collection ratio; but not too far beyond. In Canada, I am told, this procedure has been introduced by governmental edict, but with a 40-day cut-off.

Pending some joint action, stores individually should raise their standards as regards passing new sales for customers with past due balances.

Finally, as an eighth policy, merchants should endeavor to learn the cost of extending credit (i.e., of financing the consumer) and should see that their carrying charges are sufficient to cover this cost.

To review briefly the objectives of retail credit policy for this year and the policies suggested for reaching those objectives:

1. To achieve and preserve financial integrity for the individual store.
2. To minimize further inflation of prices.

Let us remember that to do our part in this extreme war effort, we merchants will have to do more than pay taxes, sell savings stamps, ask our employees to buy bonds, and advertise that elastic girdles are necessary to the national morale. *To do our part, we will have to adjust our credit policies and our businesses to the needs of a nation at war.*

Highlights of the ★★

New Credit Regulations

J. Gordon Dakins

Educational Director
National Retail Credit Association

THE BOARD OF GOVERNORS of the Federal Reserve System has adopted Amendment No. 4 to Regulation W, effective May 6, 1942. This new Amendment has been consolidated with Regulation W and its three previous amendments to form a completely revised edition of the Regulation. The purpose of this revision is to help make effective the last point in the 7-point program which President Roosevelt set forth in his special message to Congress, April 27, 1942.

In his message, the President stated that, "To keep the cost of living from spiraling upward, we must discourage credit and instalment buying, and encourage the paying off of debts, mortgages, and other obligations; for this promotes savings, retards excessive buying and adds to the amount available to the creditors for the purchase of war bonds."

As amended, the Regulation is extended to cover a comprehensive list of durable and of semi-durable goods for civilian consumption, and contemplates that the volume of outstanding consumer credit, already substantially diminished, will be further contracted in keeping with the Government's purpose to prevent the rapid bidding up of prices.

The principal changes in the Regulation are:

(1) Listed Articles

Hitherto, the purchase on credit of a score of articles has been regulated, but the revised Regulation has lengthened the list to 46 classifications. This list is found in Section 13(a) of the revised Regulation. The listed articles are set out alphabetically in four groups. The new schedule of listed articles has been broadened to include automobile batteries and accessories; tires and tubes; bedding; draperies; binoculars; all electrical appliances; used furniture; jewelry; luggage, umbrellas, and sports equipment; table and kitchenware; pottery, glassware; yard goods; and civilian clothing and furs, including shoes, hats and other haberdashery—in addition to the score of previously listed items such as furniture, vacuum cleaners, bicycles and clocks.

(2) Instalment Sales

The maximum time permitted for instalment sales has been reduced to 12 months, and the required down payment for most listed articles has been increased to 33½ per cent. Exceptions to this rule include instalment sales of automobiles, for which the down payment of one-third and the maximum time of 15 months are retained, and furniture and pianos for which the required down payment, formerly 10 per cent, becomes 20 per cent, the maximum time being 12 months.

The instalment payments shall not be less than \$5.00 a month, or \$1.25 a week.

No down payment is required if the cash price of the articles is \$6.00 or less; nor is it required in connection with materials and services covering alterations or repairs to real estate structures as defined in Section 13(a) Group C.

A statement of transaction is necessary, unless the cash price of the article sold is \$6.00 or less.

The exemption from down payment requirements of instalment sales maturing within three months has been repealed.

(3) Charge Accounts

The Regulation provides that a charge account shall be deemed to be in default if any article (whether listed or unlisted) for which credit was extended in the account has not been paid for in full on or before the tenth day of the second calendar month following the calendar month during which such article was sold. When a charge account is in default, no further credit may be extended either on a charge or instalment basis to purchase any listed article until such default has been cured as set out in Section 5(d) of the Regulation.

Charge accounts must be paid by the 10th day of the second calendar month following the month of purchase, but no down payment is required. For instance, an article bought any day from May 1 to May 31 must be paid for by July 10. That date is also the deadline for purchases charged prior to May 1, 1942.

The default can be cleared up in three ways:

(1) By paying the amount in default.

(2) By making a written agreement with the merchant to pay the amount in default within the following six months on a fixed monthly basis of not less than \$5.00 a month or \$1.25 a week.

(3) By filing a Statement of Necessity with the merchant and making a written agreement to pay the amount in default within 12 months on a fixed monthly basis. In this case, there is no minimum monthly payment.

A charge account arising from the sale of a listed article may be converted into an instalment credit prior to default, but the agreement must be in writing and must provide that the instalment credit shall be retired within six months from the date of the agreement on a fixed monthly basis of not less than \$5.00 a month or \$1.25 a week.

"Floor authorizations" of charge sales of listed articles of not more than \$5.00 are permitted. But upon discovering that the charge account is in default, the merchant must promptly request the return of, or the immediate payment in full for, the article sold.

(4) **Instalment Loans**

Instalment loans are defined to exclude loans of more than \$1,500.

If a lender knows that the proceeds of an instalment loan are to be used to buy a listed article having a cash price of more than \$15.00, the amount of the loan must not be more than the cash price of the listed article less the required down payment. The amount of the loan must not exceed 12 months except that in the case of automobiles and motorcycles it may run for 15 months.

In the case of any other instalment loan of \$1,500 or less, the only restriction is that the maximum time shall not exceed 12 months; except that if the lender knows that the proceeds are to be used to retire a charge account arising from the sale of a listed article or to retire a single-payment loan which is subject to the Regulation, the maximum time shall not exceed six months.

(5) **Single-Payment Loans**

Single-payment loans of \$1,500 or less are limited to a maturity of 90 days, and where such a loan is to purchase a listed article costing \$15.00 or more, a down payment is also required. If not paid in 90 days, the loan may be placed on an instalment basis.

Rules governing renewals and extensions of single-payment loans made originally on or after May 6, 1942, are set out in Section 7(c); but there are no restrictions on the renewal or extension of single-payment loans made prior to May 6, 1942.

(6) **Miscellaneous Provisions**

Provisions covering seasonal adjustments of payments and "Farmer Plans" are retained in the Regulation, together with various additional exceptions, such as real estate loans; security loans subject to Regulations T and U; educational, hospital, medical and funeral expenses; aircraft; defense housing; credit to dealers; fire and casualty insurance premiums; agricultural production loans; business loans; insurance policy loans; and extensions of credit to the Federal Government, to local governments, or to any hospital, school, college, or other educational or charitable institution.

A signed Statement of the Borrower as to the purposes of the loan must be obtained in connection with instalment loans and single-payment loans, except in the case of renewals and extensions, and the exceptions listed in Section 8.

Coupon plans are covered in Section 11(e) which provides that "no coupon, ticket or similar medium of credit, whether paid for in instalments or otherwise, shall be accepted by any Registrant in payment, in whole or in part, for any listed article if such acceptance, in effect, would permit the article to be sold on terms not complying with the requirements of this regulation."

Persons who have registered need not register again. Persons who become subject to the Regulation on and after May 6, 1942, solely because they make charge sales of listed articles or make single-payment loans are licensed until the expiration of the time within which the board shall, by public announcement, require such persons to register. However, persons who become subject to the Regulation because of the addition of certain articles to the list are licensed until August 1, 1942, by which date they are required to register.

Copies of the revised Regulation W may be obtained from any Federal Reserve Bank or branch. They will also furnish, upon request, copies of the "Registration

Statement" and specimen copies of the "Statement of Necessity" and "Statement of Borrower." Any inquiries with respect to the Regulation may also be addressed to the Federal Reserve Bank of the district in which the inquiry originates.

Answers to Questions

Letters requesting clarification of a number of points in the new credit regulations have been received by the National Office and answers to some of the questions have been obtained from the Federal Reserve Board. A number of these questions and answers are set out, but the answers, of course, are subject to final official confirmation. It is understood, however, that official confirmation on each question and answer is probable.

1. Question:—*If a charge account is not paid within 40 days from date bill is rendered and is converted to an instalment account, is it permissible to charge further purchases on a monthly (open credit) charge account basis?*

Answer:—It is permissible to charge further purchases on a monthly charge account basis if purchaser has cured default in the manner provided in Section 5(d) [2] or 5(d) [3].

2. Question:—*For years, it has been the policy of most stores to close charge account books on the 25th of the month or a date several days prior to the last day of the month. Charges made subsequent to closing date are posted on next month's bill and due when that bill is rendered—first of following month. May such a policy be continued and the purchases considered as having been made in the month in which charged—due the first of following month—and, under the Regulation, not considered in default until 10th of month following rendering of bill (assuming, of course, that bill is rendered the first of month following posting of charges)?*

Answer:—No. Regulation is not concerned with billing procedure. Date of sale controls.

3. Question:—*Many stores do not itemize purchases made on coupon book plan. The contract calls for one coupon book, for example, \$25.00. The charge on the ledger is shown as one coupon book and coupons are accepted as cash. May stores continue to charge in that manner provided the required down payment is obtained and time limited to 12 months as provided for miscellaneous items in the Regulation? It would be very expensive procedure to require that all such items, many small in amount, be itemized.*

Answer:—Where stores sell coupon books to be paid for on an instalment basis, they must obtain a down payment of one-third of the value of the book; and require that the balance be paid in equal monthly or weekly instalments of not less than \$5.00 a month or \$1.25 a week. The maximum time must not exceed 12 months. In addition, the coupon booklet, or a statement furnished the purchaser concurrently, must contain the following information: (1) the amount of the down payment in cash; (2) the deferred balance; (3) the amount of the carrying charge, if any; and (4) the terms of payment.

At the time a coupon is used for the purchase of a listed article, the purchaser must be furnished with a copy of the sales check; or if a cash register transaction, the name of the article purchased must be written on the cash register slip before it is handed to the purchaser. This procedure complies with Section 4(d) since, upon the use of the coupons in the purchase of a listed article, the purchaser would then come into possession of a com-

New Credit Regulations . . .

(Continued)

pleted statement of transaction. This is also in accord with that part of Interpretation 84 stating that it is unnecessary for the statement of transaction to be included on a single sheet of paper.

It is still permissible to issue coupon books and to charge the total amount of the book to a customer's regular charge account. The book must be payable in one payment within the time set in the Regulation for payment of charge accounts, and must not be payable on an instalment basis. If unpaid by the default date, the charge account will then be in default.

4. *Question:—As I understand Amendment No. 4, men's clothing cannot be sold on the three-payment plan (30-60- and 90-days) without a down payment of one-third and minimum monthly payments of \$5.00. Am I correct?*

Answer:—Yes.

5. *Question:—Is there a minimum down payment requirement—\$5.00—same as the minimum monthly payment?*

Answer:—No. Section 4(a) requires only that the down payment shall be the required percentage of the cash price.

6. *Question:—When sold on open account are the following items subject to the 40-day rule: fuel oil, gasoline, coal?*

Answer:—The account will be in default if unpaid by the tenth of the second month following the month of purchase. However, as future purchases are only for fuel oil, or coal, and they are not listed articles, the Regulation would not apply to such additional purchases. But if the merchant also sells listed articles, he would not be permitted to extend credit for any listed articles until the default is cured.

7. *Question:—Do dairy products of all description, such as milk, cream, butter, eggs, cheese, orangeade, etc., which are sold on open account, come under Regulation W and the 40-day clause?*

Answer:—See answer to preceding question.

8. *Question:—If an instalment payment is past due, can further credit be extended on a charge account basis?*

Answer:—Yes.

9. *Question:—If a customer buys a hat for \$5.00, a pair of shoes for \$5.00, and a pair of slacks for \$5.50, is it permissible to treat each of these purchases separately under the Regulation even if they are bought at the same store and on the same day? Is it permissible to sell these articles on the instalment plan without obtaining a down payment or making out a statement of transaction?*

Answer:—Yes, to both questions—as long as they are not part of a group commonly sold or used as a single unit, such as a pair of pants, vest and coat of a suit.

10. *Question:—Is it true that the following articles are not listed in Regulation W, as revised—eye glasses, drugs, cosmetics, groceries, meats, books, stationary, printing, phonograph records?*

Answer:—Yes, none of those items are listed. Their sale on credit is not affected by the Regulation except to the extent that if they are sold on a charge account which goes into default, then although you are still permitted to charge those items, you are not allowed to extend either charge or instalment credit for articles that are listed.

11. *Question:—Where a city or state sales tax brings the cash price of an article to \$6.01 or more, is a down payment required?*

Answer:—Yes. Section 2(j) defines the cash price as the cash purchase price, any delivery and installation charges, and any applicable sales taxes.

12. *Question:—Does the Regulation require a minimum carrying charge on instalment sales?*

Answer:—No.

13. *Question:—Prior to May 6, 1942, credit is extended on a 30-60-90-day basis. Although there is no written agreement, the charge is posted on the charge account ledgers. The payments under this agreement fall due on June 1, July 1 and August 1. Under the new Regulations, would such an account be in default if not paid for in full by July 10?*

Answer:—No. A 30-60-90-day account is instalment credit, not a charge account. Consequently, the fact that such an account becomes overdue will not prohibit the customer from purchasing other listed articles on credit. As such an account is not a charge account, it will not be in default if unpaid by July 10.

14. *Question:—May a time balance of \$18.00 on an instalment sale be payable in three payments of \$5.00 a month, and one of \$3.00?*

Answer:—Yes.

15. *Question:—In the case of off-seasonal purchases of seasonal goods, as, for example, the instalment sale of a fur coat in the spring, is it still possible, under the revised Regulation, to provide for a payment schedule under which four monthly payments are dropped and four other instalments within the 12-month period are double the amount?*

Answer:—No. This provision, formerly found in Regulation W, has been repealed. The only case where four payments may be omitted and added later, under the revised Regulation, is in connection with seasonal income. See Section 9(a).

16. *Question:—Can a debtor compel a merchant to convert his overdue charge account into an instalment contract and so cure the default?*

Answer:—No. Conversion is a mutual agreement, and neither the merchant nor the debtor can compel the other to enter into such an agreement.

17. *Question:—If a debtor files a Statement of Necessity and the merchant grants him 12 months to pay a charge account which is in default, can the charge account then be reopened?*

Answer:—Yes, although it may not be good business to do so.

18. *Question:—Can the practice of authorizing charges on the sales floor up to a certain amount on presentation of the charge card be continued?*

Answer:—Section 5(f) provides that a merchant shall not be deemed to have violated the Regulation if charge sales of listed articles up to \$5.00 are authorized without reference to the credit department as long as the merchant, upon discovery that the customer's charge account is in default, immediately requests payment for, or the return of, the articles sold. As the Regulation restricts this amount to \$5.00, it may be assumed that all charges over \$5.00 should be referred to the credit office for authorization to avoid extending credit for listed articles where accounts are in default.

19. *Question:—Is there any obligation on our part to*

New Credit Regulations . . .

(Continued)

keep informed regarding the condition of charge accounts that the customer may have elsewhere?

Answer:—No. As far as the Regulation is concerned, only the condition of your own charge accounts affects you. But you will naturally be interested if you learn that an applicant for credit from you is in default on his charge account with some other merchant.

20. *Question:—Is there any ruling regarding the approval of new purchases to an overdue instalment account?*

Answer:—As long as the add-on meets the requirements of Section 10 (b), the fact that the original instalment account is current or past-due is immaterial. The arrears on the original contract may be divided among and added to the remaining payments scheduled for the liquidation of the credit to which such arrears relate.

21. *Question:—Is a down payment required when a charge account which is in default is transferred to an instalment basis?*

Answer:—No. The debtor must agree in writing to pay the amount in default within six months from the date of the agreement by substantially equal instalments of not less than \$5.00 a month or \$1.25 a week. If a Statement of Necessity is filed, the agreement can provide for 12 months to pay and without a minimum monthly payment. A down payment or deposit is not required in either case.

22. *Question:—Can a new instalment account be opened if the customer has a current instalment account arising from the conversion of an overdue charge account?*

Answer:—Yes.

23. *Question:—If charges were made on a regular charge account prior to May 6, and the balance is transferred to an instalment account prior to July 10, 1942, do the terms of the new Regulation take effect?*

Answer:—Yes, Section 5(e) applies. The agreement must be in writing and provide for payment within 6 months from the date of the agreement by substantially equal payments of not less than \$5.00 a month or \$1.25 a week.

24. *Question:—Is the \$5.00 minimum monthly payment on instalment sales to be figured with or without carrying charges added?*

Answer:—Section 4(c) provides that the instalments in which the time balance is payable must not be less than \$5.00 a month or \$1.25 a week; and Section 4(d) [6] defines the time balance as the sum of the deferred balance and any carrying charges, etc. Therefore, the monthly payments, which must not be less than \$5.00, are computed after the carrying charges have been added to the deferred balance.

25. *Question:—A fur coat was sold prior to May 6, 1942, under a contract providing for monthly payments with a balloon payment at the end, and there is an understanding that this balloon payment may be refinanced on similar monthly payments if the other payments are paid promptly. Does the revised Regulation permit such a renewal?*

Answer:—If there is no written agreement in the original contract providing for such refinancing of the balloon payment, then, under Section 12(f), the renewal must be made in accordance with the provisions of the revised Regulation. Consequently, if the article had

originally been sold on an 8-month contract, and the balloon payment was due in the eighth month, then the renewal would be limited to a further period of 4 months. This would keep the revised contract within the terms "permitted in the first instance" (12 months), as fur coats became a listed article by Amendment No. 4. On the other hand, if a written agreement was made prior to May 6, 1942, which definitely set forth the terms of the refinancing of the balloon payment, then this would be a valid contract to make a contract, and the terms outlined in the original agreement would be permitted in the renewal contract.

26. *Question:—It has been our practice to extend credit to employees on a pay roll deduction plan without a down payment. Can this practice still be followed?*

Answer:—No. You must secure the required down payment and although you may still deduct from salary, you must deduct sufficient to comply with the requirements; and at least \$5.00 a month, or \$1.25 a week.

27. *Question:—Can a listed article be sold on a charge account with an agreement, arrangement or understanding that the credit will later be converted into an instalment contract?*

Answer:—No. Such an agreement violates Sections 5(a) and 11(a) of Regulation W.

28. *Question:—Does the cash price include excise taxes, if any?*

Answer:—Yes. For example, the Federal luxury tax is included in the cash price.

29. *Question:—Does the Regulation require authorization of all "send" transactions on charge accounts?*

Answer:—Yes.

30. *Question:—Are charges for laundering, dry cleaning, rug cleaning, fur storage, considered listed items?*

Answer:—No.

31. *Question:—Credit is extended in connection with repairs to a fur coat. Would this transaction be subject to the Regulation because of the fact that a fur coat is now a listed article?*

Answer:—No. Interpretation 62 provides that the Regulation does not treat repair parts as being included in the list merely because the complete article is listed. Consequently, credit covering repairs to a fur coat may be extended on the instalment plan without a down payment and on any terms.

32. *Question:—Are window blinds, awnings and wall coverings listed articles?*

Answer:—They are not listed in Groups A, B and D of Section 13(a) but they are included in Group C if purchased in connection with repairs, alterations or improvements to existing residential structures.

33. *Question:—A customer owes \$35.00 on an instalment sale which he is paying at the rate of \$7.00 a month. He buys some furniture for \$60.00 and wants to pay \$20.00 down and arrange to pay the combined contracts at the rate of \$7.00 a month. May he do this?*

Answer:—Yes. Under Option 2, Section 10(b), by paying \$20.00 down he complies with the down payment requirement; and by paying \$7.00 a month he will repay the consolidated obligation within 12 months from the date of the consolidation. Moreover, the \$7.00 monthly payment is as large as the rate of payment on the old obligation.

34. *Question:—What are considered to be sufficient reasons for accepting a statement of necessity?*

Answer:—See Section 10(d).

NEWSPAPER MAT for the new Credit Regulation

Size 6" x 9" — Price \$1.50 — Available Now

WHAT THE GOVERNMENT CHARGE ACCOUNT REGULATION MEANS TO YOU!

If you are in the habit of paying your charge account in full promptly upon receipt of your monthly statement, the new regulation will not affect you. You may continue to enjoy the convenience of buying what you want when you want it by simply saying "Charge It."

But, if you let your charge account remain unpaid after the tenth of the second month following the month of purchase, then the government regulation will affect you — and you will not be permitted to charge or make installment purchases of listed merchandise until satisfactory settlement of your account has been arranged.

Make it a habit to pay PROMPTLY upon receipt of bill so that you may continue to enjoy the convenience of your charge account.

PUBLISHER NOTE CAREFULLY:

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NATIONAL RETAIL CREDIT ASSOCIATION
SHELL BUILDING ST. LOUIS, MO.
CREDIT WORLD 14 JUNE

NEW CREDIT REGULATION

INSERTS

Insert No. 1 can be sent to all charge customers. Insert No. 2 recommended for use with overdue accounts to stimulate payment before the default date. Printed in blue ink on goldenrod paper.

Only **\$2.00** a thousand

In Default

Your charge account is past due. Under the *Consumer Credit Regulation of the Government* it will be in default if the amount in arrears is not paid in full on or before the 10th.

The regulation provides that an account in default must be closed against further purchases of listed merchandise, either charge or installment, until the default has been corrected.



STICKER

Designed for use on overdue account statements commencing July 1. Short, snappy, and specific, it cannot be overlooked as it is affixed to the statement. Printed in blue ink on goldenrod paper.

Only **\$2.00** a thousand

(1)

WHAT THE GOVERNMENT CHARGE ACCOUNT REGULATION MEANS TO YOU!

If you are in the habit of paying your charge account in full promptly upon receipt of your monthly statement, the new regulation will not affect you. You may continue to enjoy the convenience of buying what you want when you want it by simply saying "Charge It."

But—if you let your charge account remain unpaid after the tenth of the second month following the month of purchase, then the government regulation will affect you—and you will not be permitted to charge or make installment purchases of listed merchandise until satisfactory settlement of your account has been arranged.

Make it a habit to pay PROMPTLY upon receipt of bill so that you may continue to enjoy the convenience of your charge account.



(2)

YOUR CHARGE ACCOUNT

The Board of Governors of the Federal Reserve System has announced new charge account regulations effective May 6, 1942, in compliance with the President's Special Message to Congress.

The Regulation provides that a charge account is in default if any article for which credit was extended in the calendar month has not been paid for in full by the tenth of the second month following. The privilege of charging listed merchandise, under the Regulation, must be withdrawn when a charge account is in default.

REMEMBER — charge accounts are due and payable **WHEN BILL IS RENDERED!** It is not the intent of the Regulation to extend the time of payment.



NATIONAL RETAIL CREDIT ASSOCIATION
SHELL BUILDING ST. LOUIS, MO.

JUNE 15 CREDIT WORLD

A Streamlined Method of Handling Accounts Receivable

W. J. Tate, C. A.

Controller, Bryson Graham Co., Ltd.,
Ottawa, Canada

THE KEEPING of customers' records commonly known as "accounts receivable" has developed into a number of different methods for making a statement for the customer, and a permanent record for the office.

As the war progressed our efforts had to be redoubled to acquire speed, accuracy and economy, while producing all the records and information necessary to successfully operate the accounts receivable department, and to control collections, sales, credit authorization and adjustments. We were still posting detailed customers' statements and ledger cards, and felt that some method must be found to eliminate these operations as much as possible. We introduced the system explained in this article not as a new method of handling accounts, but as a utilization of several recently devised methods, including principally, "No posting" and "Recordak" plans.

I will use as the basis of this article a system to handle 9,000 accounts, and as we operate on a pre-audit system will, therefore, outline this plan of operation on such a basis.

Equipment

As we previously used machine posting, the only new equipment required was sixteen ten-drawer "Roneo visible index cabinets" with pouches as shown in *Illustration No. 1* to house the statement, credit history, sales checks and credits, holding approximately 600 pouches to a cabinet.

Since ten-drawer cabinets are not standard, and provision had to be made for pile-up of pouch content, eighteen-drawer cabinets were cut down to ten-drawer and three-fourths inch open space allowed between each drawer.

Illustration No. 1 shows the pouch attached to the "Roneo" brass "A" with roller ends "B" to permit easy movement in the grooves of the drawers for insertion or withdrawal of pouches. A locking device at the base holds the pouches in place. The front flap is cut down to "C" for easy insertion of material and is printed for use in writing up collection information. Two holes "D" are punched through complete pouch to permit rapid checking at the month end, so that no sales checks are left in the pouches.

Attached at the base is a celluloid protector "E" for housing the name and address slip "F." These slips are printed five to a

card and are perforated ready to detach. On the right half are printed the words "Pd out" followed by the months of the year, while the left half is blank for typing credit limit, if desired, and name and address. An indentation is made one-fourth inch in front of the word "Pd out" to allow a green slide signal "G" to pass behind the name and address and over the printed part, stopping in front of month still unpaid.

Daily Operations

Pre-audited charge checks and credits are obtained daily by the receivable supervisor, who has the sorter fine-sort them under four controls 'A' to 'E', 'F' to 'L', 'M' to 'P' and 'Q' to 'Z'. They are then totalled by sections and balanced with the predetermined total from the audit department. These figures then provide the section control, and although we originally kept them for each letter of the alphabet, we later found that four controls were sufficient breakdown. These bills are then turned over to the four section clerks who handle not only the clerical work but credit authorization, as explained later in this article. They file them into the customer's pouch and move the tabs only on reopened accounts.

Cash is posted daily with the statement and credit history being withdrawn from the pouch, and National Posting Machine used for the operation, the same as previously. This is done in one operation with the insertion of carbon. It will be noted that carbons are not left between statement and credit history, as this tends to discolor the credit history after long use.

On refiling the accounts paid on, the slide tab "G" (*Illustration No. 1*, page 16) is shifted to show the month to which the account is paid, or in front of "Pd out" position if the account is cleared.

When an account has a balance six months old, the tab is changed from the regular green to a red to avoid confusion with accounts having balances owing one year or more.

The accounts are closed off as of the 23rd of the month, and immediately the day's work is filed, the month-end work is started.

Clerk "A" starting at the letter "A" takes out the statement and credit history card, together with charge checks and credits where there have been transactions for the month, and only the statement where there is a balance outstanding and no transactions for



the month, leaving paid-off statements in the pouches. As strict alphabetical order must be retained throughout the operation, the account is put face down and the checks placed immediately after. Those statements with no transactions are placed in a separate pile, and sent to the collection department for review to determine if collection stickers should be attached, or if a special letter should go with them.

Clerk "B" compares the name and address on the sales checks with the statement, to assure their being charged to the proper party.

Next, operator "C," using an electric adding machine with guide carriage and rapid ejector, inserts statement and credit history. (No carbon between, only the statement is printed. The reason for inserting both is to save the operator time in separating them.) Sales checks are listed and credits deducted on the face of the statement, giving the total of the month's transactions, as shown in *Illustration No. 2-A*.

Operator "D" totals sales checks and credits for each set of not more than 200 accounts, and also adds month's purchase totals on a comptometer to check in total the previous operation. This also provides a predetermined total for later checking with machine totals.

Clerk "E" then separates sales checks from credit history and statement, and inserts a carbon between them.

Operator "F," using a National Posting Machine, makes the entry for the month's transactions on the combined statement and credit history, proving same with previous determined totals provided by operator "D." These totals are kept by sections, to prove with main month's totals.

Clerk "E" collates sales checks and statements, and they are given to Recordak operator "G" for photographing. Here we use a Recordak "Junior" (*Illustration No. 3* above) taking a 16 mm. film, which is rapid and easy to operate.

Clerk "H" staples the sales checks to the statements. They are then ready to be checked by a supervisor and turned over for mailing.

On developing of the film, our office record now consists of a small roll of film with over 4,000 prints to 100 feet. *Illustration No. 2-B* shows the comparison of film required for a statement, *Illustration No. 2-C*, a sales check, and *Illustration No. 2-D*, a credit. Should we require to look up the details of an account either for complaint or for further information, this can be done rapidly, as the films are filed by months and show the part of the alphabet contained on each spool, which is 4 inches in diameter and three-fourths inch thick. Thus by placing this spool on the projector, the account may be turned up and reproduced on the screen (part of the Recordak machine—*Illustration No. 3*) at slightly larger than original size.



Illustration No. 3. Sales checks and statements are given to operator "G" for photographing. Used in this operation is a Recordak "Junior" which takes a 16 mm. film, is rapid and easy to operate.

Statements for the next month, having been previously headed by the addressograph department, are collated with the credit history, and the balances brought forward in blue pencil. This is a radical change from the previous method of forwarding the balances on the posting machine and taking down the trial balance at the same time. But it was found this saves considerable time, and that a six months' trial balance taken with the aging of the accounts was sufficient. A further check on the accuracy of the written "brought forward" balance is made by the machine operator when lining up the statement and credit history to post cash or month's transactions.

Credit Authorization

Credit authorization is handled by telephone through the main switchboard. For example, a salesperson having a charge for Mrs. Brown asks the switchboard operator for Charge

"B" and is routed to the authorizer handling section "A-E." This authorizer has four cabinets in front of her with a cradle phone mounted on an upright stand in the middle of her section. When the phone buzzes, a light flashes on the top of her stand. On answering, the salesperson advises the name, address and amount of the purchase. This is rapidly checked by reference to the file and tab position of same, and authorized by giving the authorizer's number. This the salesperson marks on the back of the sales bill. It would appear that a laxity exists, as salespersons may mark a number on the bill without calling the office. However, experience shows that this is a rare occurrence, and when it happens, the salesperson is called to the office and required to contact the customer to secure either the return of the merchandise, or payment. (A few lessons such as this have eliminated abuses.) Tests have shown that on the average not more than fifteen seconds are required to authorize a charge where the account has been used within the last six months, and is therefore active. Applications for new accounts are taken in the office, checked with the credit bureau, then carefully considered before being opened.

Collection Follow-Up

Collection follow-up work is divided into five divisions as follows, depending on the length of time the account is overdue:

1. Accounts which on the tenth of the month passed into the overdue category. For example, government regulations require January purchases be paid on or before the tenth of March, if the account is to be kept open. These accounts are quickly picked out by glancing at the tab position, and it is possible for one clerk to cover 8,000 accounts and send out reminder notices, as shown in *Illustration No. 4*, within a period of three days.

2. Accounts still unpaid ten days later are mailed a second notice as shown in *Illustration No. 5*.

(1)

DATE	COLLECTION INFORMATION	DATE	COLLECTION INFORMATION								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">LAST PAYMENT</td> <td style="width: 50%;">BALANCE</td> </tr> <tr> <td>20.50</td> <td>10.00</td> </tr> <tr> <td>10.00</td> <td>12.13</td> </tr> <tr> <td colspan="2" style="text-align: right;">← PAYMENT LAST PAYMENT</td> </tr> </table>				LAST PAYMENT	BALANCE	20.50	10.00	10.00	12.13	← PAYMENT LAST PAYMENT	
LAST PAYMENT	BALANCE										
20.50	10.00										
10.00	12.13										
← PAYMENT LAST PAYMENT											

Brown, Mrs. A. M. 35 Bank St., City.

APR. MAY JUNE JULY AUG. SEPT. OCT. NOV. DEC.

E

G

C

(2c) *Bryson Graham*
MRS. A. M. BROWN
35 BANK STREET
OTTAWA

SALES NUMBER		CHARGE	CASH	E 23-44
125		<input checked="" type="checkbox"/>		
SALES NUMBER		DATE		MAR 11/42
125				
TO EXCHANGE GOODS YOU MUST HAVE THIS BILL				
QUANTITY	DESCRIPTION OF GOODS	PRICE		
1	1 pr HOSE	.88		
1	chemistry set	1.29		
CUSTOMER'S SIGNATURE				<i>Mrs. A. M. Brown</i>
THIS IS CUSTOMER'S RECEIPT				<i>Bryson Graham</i>
SALES NUMBER				AMOUNT OF SALE
125				2.17
				E 23-44

(2d) *Bryson Graham*
MERCHANDISE RETURN VOUCHER
E № 1100

CLERK NUMBER	DATE	AMOUNT
1311	Mar 3/42	1.29
NAME	MRS A. M. BROWN	
ADDRESS	35 BANK STREET	
MERCHANDISE:	(2) D 1 Chemistry set 1/2	
REASON FOR EXCHANGE	not required	
CUSTOMER'S SIGNATURE		<i>John</i>
Exchange from Charge		Manager's Signature <i>John</i>

(2a) *Bryson Graham*
MRS. A. M. BROWN
35 BANK STREET
OTTAWA, CANADA

INSERT AMOUNT OF REMITTANCE				
TELEPHONE 8-1741				
MRS. A. M. BROWN				
35 BANK STREET 125				
OTTAWA, CANADA				
DETACH AND RETURN THIS SLIP WITH YOUR CHECK. YOUR CANCELLED CHECK IS YOUR PROOF.				
DATE	ARTICLES	CHARGES	CREDITS	BALANCE
MAR 6	To Account of Account Received			20.00
25	BY CASH			10.00
		2.15		12.15
MONTHLY PURCHASES				
1.25 2.17 1.29 2.15				
KINDLY PRESENT STATEMENT WHEN MAKING PAYMENT.				
TERMS: THIS MONTH'S PURCHASES DUE THE END OF NEXT MONTH. INTEREST ADDED IF NOT PAID ACCORDING TO TERMS.				
PAY LAST AMOUNT IN THIS COLUMN				

(4) *Bryson Graham*
OTTAWA, CANADA

Mrs. A. M. Brown
35 Bank Street
Ottawa, Canada

REMINDER

New government regulations require that open charge accounts be paid on or before the end of the month following month of purchase. Accordingly \$12.15 of your present balance is now in arrears.

Please forward payment immediately so that we may keep your account open or should you be unable to pay the full amount, kindly call at our office and let us discuss arrangements with you.

Yours Truly,
BRYSON GRAHAM CO., LTD.
Per *J. R. S.* CREDIT DEPT.

(5) *Bryson Graham*
OTTAWA, CANADA

Mrs. A. M. Brown
35 Bank Street
Ottawa, Canada

Second Notice of Arrears

Having previously called attention to the fact that your open account is \$12.15 in arrears, we have everyday been expecting payment.

May we again remind you that government regulations require that these accounts be paid on or before the end of the month following month of purchases.

Trusting we may receive an immediate payment of arrears, we remain,

Yours Truly,
BRYSON GRAHAM CO., LTD.
Per *J. R. S.* CREDIT DEPT.

3. Accounts on which no payment or future promise is received in a further ten days, are phoned or written a personal letter.

4. Accounts still not paid in another ten days are handed to the outside collector.

5. No accounts on which payments have failed to be received over a six months' period are kept on the records, but are written off and turned over to the credit bureau for further action.

The feature of writing up the collection information on the face of the pouches saves separate collection cards, which require being kept up-to-date, and provides additional information for the credit authorizers. Experience has shown that reducing the daily detail permits the receivable staff and collection department to use the one system without greatly interfering with either's work.

It would appear that a bottleneck was created by leaving so much work till the end of the month. However, the period from the 23rd to the 28th of any month is usually the slackest time, and it is therefore possible to use additional staff from other jobs on this work, and thus no heavy load is placed on the receivable staff.

Advantages

1. The no posting system reduces machine operation by over 60 per cent.
2. Sending office copy of sales checks to customers with their signature affixed reduces complaints by almost 50 per cent.
3. Photographing of statements and sales checks provides speedy and accurate records which may readily be referred to, and almost completely does away with storage requirements.
4. Simplified system permits training of help to handle credit authorization in less than 10 per cent of the time originally required.
5. Credit authorization may now be checked for all charges rapidly.

This streamlined system was of particular advantage in Ottawa where government needs absorbed all possible experienced machine operators and clerical help, leaving mainly beginners to carry on department store office work. Latterly we have been fortunate in securing the assistance of wives of service men, who have had previous experience.

Notice

In order to make room for the up-to-the-minute information concerning the New Credit Regulations, three of our regular features, The Collection Scoreboard, Barometer of Retail Business, and Current Business Conditions were omitted from this issue of The CREDIT WORLD. They will be resumed next month.

Recent Elections

District One at Swampscott, Mass.

The annual Conference of District One was held May 11 and 12 at Swampscott, Massachusetts. The following officers and directors were elected: President, Joel J. Pincus, The Outlet Company, Providence, R. I.; Vice-President, Wm. J. Kirby, Gilchrist Co., Boston; and Secretary-Treasurer, Marshall W. Hunt, Lynn Credit Bureau, Lynn, Mass. Directors: John F. Madden, Chandler & Co., Boston; William Bronkhorst, Wise-Smith and Co., Hartford; Charles E. Donilon, The Boston Store, Providence; Harold P. Lawrence, B. Peck & Co., Lewiston, Me.; Louis T. McMahon, Wm. Filene's Sons Co., Boston; John T. Cambia, The Shepard Stores, Providence; John A. Hendry, J. A. Ogilvy Co., Ltd., Montreal, Canada.

District Two at Syracuse

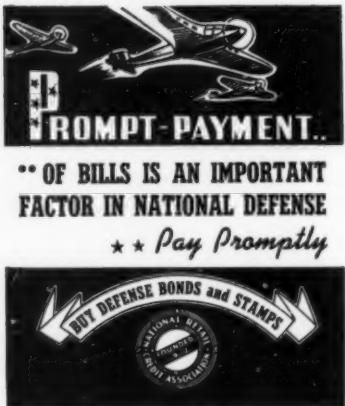
The annual Conference of District Two was held at Syracuse, New York, April 26, 27 and 28. Officers and directors elected are: President, Stannard M. Butler, Schenectady Union-Star, Schenectady (re-elected); Vice-President, Paul C. Jackson, C. E. Chappell & Sons, Syracuse; and Secretary-Treasurer, Joseph M. Martin, Hurley-Tobin Co., Trenton, N. J. Directors: G. M. Brooks, McFarlin Clothing Co., Rochester; Miss Jean Smith, Groton-Coy Co., Elmira; James Malloy, Abraham & Straus, Brooklyn; Bert Harris, Addis Co., Syracuse; and Roy F. Myers, The Wallace Co., Schenectady.

District Eight at Houston

The Eighth District annual conference was held at Houston, May 17, 18 and 19. The meeting was successful in every way and the number in attendance was 817. Officers and directors elected were: President, Francis Amsler, E. M. Scarbrough & Sons, Austin; First Vice-President, E. H. (Red) Brown, Shudde Bros., Houston; Second Vice-President, W. L. Brian, Joske Bros., San Antonio; and Secretary-Treasurer, J. E. R. Chilton, Jr., Dallas. Directors: John Stiers, Houston Trunk Factory, Houston; W. C. Goodman, Reynolds Penland Co., Dallas; Alva E. Wright, Texas Power & Light Co., Waco; Chas. L. Laine, Kahn & Levy, Galveston; E. C. Paxton, Dallas Power & Light, Dallas; and J. A. Hazlewood, Blackburn Bros., Amarillo.

Milwaukee Association Elects

At a recent election of the Associated Retail Credit Men of Milwaukee, the following were made officers and directors: President, W. B. Hastings, Klode Furniture Co.; First Vice-President, C. J. Berner, Wisconsin Electric Power Co.; Second Vice-President, R. J. Schroeder, Wright Dental Supply Co.; and Secretary-Treasurer, Fred S. Krieger, Milwaukee Association of Commerce—Credit Bureau. Directors: Olga Staatz, Louis Esser Co.; Bruno J. Sontarck, Schwanke-Kasten Co.; C. B. Young, The Boston Store; Roy H. Kanies, Milwaukee Gas Light Co.; Otto W. Wetzel, North Avenue Fuel; L. E. Ward, Sears Roebuck & Co.; E. A. Paulus, Ed. Schuster & Co.; and S. A. Bialecki, Milwaukee Gas Light Co.



An ALL AMERICAN Sticker

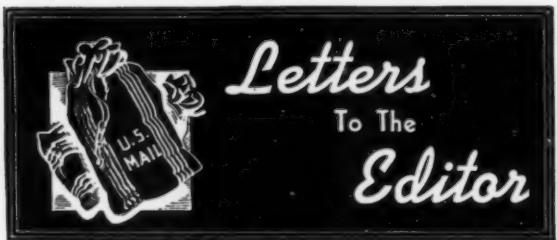
carrying a message for prompt payment of bills, with a National Defense tie-in.

Definitely a timely plea for the defense of America and your accounts. Protect your customers' credit records by using this up-to-the-minute reminder on all statements and stationery. A new addition to our series of educational stickers—this one really "rings the bell."

Shown actual size. Printed in red and blue on white gummed paper. Only \$2.00 a thousand.

**NATIONAL RETAIL
CREDIT ASSOCIATION**

Shell Building • • St. Louis, Mo.



"During the past year and a half we have worked with eleven of your credit associations in the promotion of credit classes. Each has completed the course in *Retail Credit Fundamentals* and two have repeated their educational efforts by offering the course on Streamlined Letter Writing. We have found your textbooks excellent as instructional material and, in fact, it is the only material of its kind that we have given through the State Department of Vocational Education for which we insist that the student purchase a textbook. We will be pleased to know of the release of your book on advanced credits and feel assured that we can again work with your various Nebraska associations in its promotion."—Cecil E. Stanley, State Supervisor of Distributive Education, State of Nebraska, Lincoln, Neb.

* * *

"I am very proud of the March and April issues of *The CREDIT WORLD*. It is a publication that does honor to both you and your institution. The typography is fine—the stock is good—and all in all it makes a most interesting and readable publication."—Roy Bartlett, Convention Director, The Roosevelt, New Orleans, La.

* * *

"I wish to congratulate the National Association on *Regulation W and Interpretations Simplified—The Layman's Manual*. It is compact, easily understood, and will undoubtedly be a great aid to all credit granters. It is constructive work of this kind, together with the outstanding *CREDIT WORLD* and other educational credit work being done that will make the National indispensable to anyone doing retail credit business."—B. D. Fuchs, General Credit Manager, Block and Kuhl Co., Peoria, Ill.

* * *

"I obtain many good ideas from the Credit Department Letters page of *The CREDIT WORLD*, and hope you will never discontinue this interesting section."—D. C. Hoyt, Credit Manager, Winkelman's, Port Huron, Michigan.

* * *

"I wish to compliment you on *The CREDIT WORLD*. It seems to me that during the past year each successive number is better than the last. There is no question in my mind that every one engaged in credit work should read the magazine from cover to cover every month."—C. A. Himes, Credit Department, The Strauss-Hirshberg Co., Youngstown, Ohio.

* * *

"I think the Credit Department Letters section of *The CREDIT WORLD* is grand and I look forward each month to reviewing the various letters. None of us know it all and new ideas are gained from each issue."—L. W. King, Credit Manager, Midwest Beauty Supply Co., Fort Smith, Ark.

* * *

"We appreciate the booklet *Regulation W and Interpretations Simplified* which you sent us, and desire to extend our congratulations to your organization on the manner in which it is compiled. It appears to be exceedingly well arranged."—W. I. Stoddard, Senior Vice-President, Michigan National Bank, Battle Creek, Mich.

* * *

"The booklet 'Regulation W and Interpretations Simplified' sounds like just what the doctor ordered. Please send us 30 copies at once."—William S. Giles, Secretary-Manager, Associated Retail Credit Dealers, Houston, Texas.

* * *

"Our first order of 50 copies of *Regulation W and Interpretations Simplified* have gone out like 'hot cakes in the Army.' Please rush another order of 50 copies at once."—M. G. Riley, Secretary-Treasurer, Retail Credit Association of Kansas City, Kansas City, Mo.

Enforcing Claims Under the Soldiers' and Sailors' Relief Act

H. L. McClintock

Associate Professor, College of Law,
University of Minnesota

ALL OF THE MAJOR wars in which the United States has engaged have been accompanied or followed by legislation intended to protect those in military service, and sometimes others, from the losses they would sustain if their creditors were permitted to pursue against them the usual remedies for the collection of debts owed by them during the period they were in their country's service, and the period of demobilization. Historians have agreed that the legislation of the original states hampering creditors in the collection of their claims, and even sometimes tending to repudiate the claims themselves, was the chief reason for the insertion in the Federal Constitution of the provision that no state shall pass any law impairing the obligation of contracts.

Despite this restriction on state legislation, and the fact that there was no similar express restriction on federal legislation, there was no attempt by Congress to enter this field until 1918, and in the meantime the states continued to pass statutes for the protection of service men. The first of these statutes whose validity was challenged in an appellate court was a statute enacted in Louisiana in 1815, when the British forces were at the gates of New Orleans. This statute was not primarily for the benefit of service men, but required the closing of all courts for the time that the energies of all were needed for the defense of the city. The Louisiana Supreme Court sustained the statute, one judge for the reason that it was not a statute intended to protect debtors from the enforcement of claims against them, which would have impaired the obligation of the contracts, but was for the mobilization of all man power to meet a pressing emergency.

The other judge who wrote an opinion sustaining the statute laid down the proposition that was generally followed by later courts in dealing with these moratorium laws, that a statute which merely suspended the remedy on a contract for a reasonable time did not impair the obligation, but the suspension for an unreasonable time, or a substantial lessening of the efficiency of the remedy would be an invalid impairment. These principles were applied to the state statutes granting moratoria to the

service men in the Civil War and in the first World War, with the result that such statutes were more often than not held to be invalid.

Because of the great variety of state statutes applying often to men serving side by side in the army, and because of the serious doubts as to the validity of most of the acts, a commission from the office of the judge advocate general undertook in 1918 to draft a federal statute which would give the desired protection to all of the men in service, and of whose validity they would have no doubts. The bill the commission drafted was adopted by Congress with only minor changes and became the Soldiers' and Sailors' Civil Relief Act of 1918. When in the present emergency the National Guard was called into the federal service, and the selective service law was passed, provisions were adopted that all of the men so inducted into service should be entitled to the relief provided in the act of 1918, though that act was no longer in effect. But that left all of the service men who had entered the service in any other manner unprovided for, and Congress later re-enacted the act of 1918, again with only minor changes in most of its sections. The statute so enacted is the one which now governs the amount of protection to be extended to service men, since it was uniformly held that the 1918 act superseded the various state moratorium laws, even though the latter gave greater protection to the service men than the federal act did.

The act of 1918 was sustained by every court which considered it as a valid exercise of the war power of Congress. The 1940 act could not originally have been sustained on that basis because it was enacted before we entered the war, but the same clause of the constitution that confers the war power confers also the power to raise and maintain an army, and that power would seem to be ample to sustain this act. It is true that the power is not absolute, any more than the war power, but must be exercised with regard to the general restrictions on governmental powers incorporated in the constitution for the protection of life, liberty and property, the latter including rights under contracts. However, those restrictions do not apply to reasonable regulations under the circumstances existing at the time, and, while it might be held an unreasonable exercise of the power to raise armies to provide that volunteers in the regular army in time of peace, when generally they can attend to their

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★
Editor's Note: When you have finished this interesting article, don't fail to read the supplementary analysis of the Soldiers' and Sailors' Relief Act, with comments regarding certain statements of Mr. McClintock, by Sidney A. Romer, on page 24.

own affairs, should be given any relief from ordinary process for the collection of debts, there is no doubt that courts would hold that such relief might be given to an army raised to meet a grave emergency, especially now that the emergency has developed into war. Certainly the probability that the act will be sustained is so great that we must take its provision into account in determining the credit to be extended to those who are within its terms.

Those to Whom the Statute Applies

The statute applies to all persons in the military service, which is defined to include the army, navy, marine corps, coast guard and officers of the public health service detailed for duty with either the army or navy. Note that it is immaterial how the person was inducted into the service, the statute applies to volunteers and national guardsmen as well as to those drafted. The period of military service for those already in service, begins with the effective date of the act, October 17, 1940, and for others it begins on the date of entering active service. It ends with the death or discharge of the service man, or with the expiration of the act, which is to be on May 15, 1945, or, if the nation is then at war, six months after the proclamation of the President that a treaty of peace has terminated the war. It provides that one who is called into the service for training and education is in military service, and also that one who is reported missing is to be deemed in the service until he is accounted for, and that no provision expiring with the death of such person shall end until his death has been reported by the proper department of the government, or has been found as a fact by a court of competent jurisdiction.

Of course, the effect of the act on the credit which is to be extended to an applicant is not limited to applicants who are now in military service, but extends to all who may volunteer or be called into service, under laws as they exist now, or those which may be enacted in the future, which just about includes every one of us. Under the laws that exist now, women may volunteer as nurses, or for certain services in the naval reserve. The present selective service act provides that persons over 45 cannot be called for military service, but we know that in certain cases they may volunteer, and there is no assurance that that age limit may not have to be raised. In every case, we must estimate the probability or improbability of the applicant's entry into service. So it is very important for those charged with the duty of determining credit risks to know just what additional risks are involved in case the applicant shall subsequently enter military service.

At the outset, we must rid our minds of any conception of the Relief Act as a moratorium statute in the ordinary sense of that term. The framers of the act have expressed their opinion that the state moratorium acts often relieved men from obligations which could have been enforced against them notwithstanding their military service without any injustice to them or injury to the morale of the army, and at the same time they made prospective service men such poor risks that they were often handicapped in their competition with others who would probably remain civilians. For these reasons they set as their objective the relief of the service men from any losses that they might unjustly suffer whenever their military service might prevent their attention to civil affairs, or hamper the prompt discharge of their obligations, without any greater impairment of their credit or hardship to their creditors than was necessarily incidental

to the accomplishment of the primary objective. The general plan which they adopted to accomplish these purposes was to provide in every case that the question should be passed upon by a court having very broad discretion as to the extent of the relief that was to be granted in that particular case. The phrase "the court in its discretion, may" etc., or equivalent words occur again and again in the several sections of the act relating to the enforcement of civil claims against persons in military service. These, of course, are the provisions of the act that are material for our consideration, and we need spend no time on the numerous other provisions relating to rental of dwellings, insurance, relief from payment of taxes, rights in public lands, etc.

Even a lawyer who has no experience with problems of credit realizes that the power to enforce payment of an obligation by a suit in court is not the only basis for the extension of credit. If the only debts that were paid were those which the debtor could be compelled to pay in spite of all of the defenses which an astute counsel could interpose, it is manifest that the cost of a charge account to the consumer would far exceed what it does today. How far the fact that a statute exists which may entitle the defendant to a delay in the suit, or a stay of execution of judgment, after he has been inducted into military service, will adversely affect the moral credit of the average individual is a matter which you are much more competent to determine than anyone who has not had your training in the estimation of moral risks. Therefore, I must confine myself to a consideration of the extent to which the Relief Act will injuriously affect the successful enforcement of the claim by court action.

Collection of Claims

With respect to the collection of claims represented by ordinary charge accounts on the books of the creditor, it is probable that the effect will be very small, it may even be beneficial rather than harmful on the whole. The act has no effect on the prosecution of a suit where the debtor has personally appeared, except to enable him to obtain a stay of suit until 90 days after the expiration of his military service. The court need not grant this stay if it finds that the ability of the defendant to conduct his defense is not prejudiced by his military service. If no such stay is given and judgment is rendered against the service man, he may, within 90 days after the expiration of his service, apply to have the judgment set aside, and the court may grant his application if it finds that his service prejudiced him in making his defense, and that he has a meritorious defense to the action. If the debtor is served with summons, or attachment or garnishment is issued, and the debtor makes no appearance in court, the creditor cannot have a default judgment entered until he has filed one of three affidavits stating either that the defendant is not in the military service, or that he is in the service, or that the creditor cannot ascertain whether he is in the service or not. If the first affidavit is filed the default may be entered, but it would probably be set aside in every case where it subsequently appeared that the debtor was in the service, even though the statement was not known by the affiant to be false and, therefore, did not subject him to the criminal penalties of the act. If either of the other two affidavits are filed, the court must appoint an attorney to represent the absent defendant. That attorney has no authority to waive any of the rights of the defendant and undoubtedly will in every case apply for the stay provided for. Even if judgment has been rendered against the defendant, and is not set aside, the court may stay its

enforcement by execution, attachment or garnishment unless it finds that the ability of the defendant to pay it has not been materially affected by his military service.

In many, perhaps most, of the cases where it is sought to enforce by suit a claim against a person in military service, it will be impossible to serve summons upon him, and, therefore, no suit can be brought, unless attachment or garnishment can reach property or credits he possesses in the state. This is not a consequence of the Relief Act, but inheres in our basic principles of court jurisdiction. In these cases, the only effect of the act results from the provision that the period of military service shall not be included in computing the period of limitations of any action by or against the service man. Because of this provision, the creditor is in no danger of losing his chance to enforce his claim against the service man, but at most can only suffer the postponement of the claim until after the expiration of the service, and then only if the court refuses to find that the service did not prejudice the debtor in making his defense or materially affect his ability to satisfy the judgment. In several cases under the 1918 act, which later reached the appellate courts, the trial court had refused the application of the service man for a stay, and in each one of those cases the action of the trial court was affirmed on appeal.

Provisions of Act Relating to Credit

With respect to the provisions of the Relief Act relating to credit secured by conditional sale agreements or mortgages, there has been some difference of opinion. In the 1918 act, the provisions relating to mortgages both real estate and chattel were limited to cases where the obligation arose before the effective date of that act, and in substance prohibited the exercise of any power of sale contained in such mortgage and required a sale under orders of the court. In the foreclosure proceedings, the provisions relating to other suits with respect to stays would apply. The provisions relating to conditional sale were not limited to obligations incurred before the passage of the act but applied in all cases where at least one installment had been paid before the entry into military service. The act prohibited repossession of the property sold without first obtaining a court order therefor, and again the proceedings for the order might be stayed as in other cases. In addition the court is empowered to require the creditor to order the repayment of all or any part of the installments already paid, or "make such other disposition of the case as may be equitable in the interests of all parties concerned." Under that statute, it would have undoubtedly been to the interest of the creditor in making installment sales after the act took effect to secure the payment of future installments by a chattel mortgage with power of sale, which would not have been affected by the statute so long as the obligation was not one originating before the act took effect, whereas all future, as well as past, conditional sales contracts were subject to the act as long as the debtor remained in service, and the usual advantages of that form of security, the power to retake the property without court action and to retain it and all payments theretofore made upon it, were taken away by the act.

In the 1940 Relief Act, there are two substantial changes in the provisions relating to this subject matter. One of these exempts from the provisions of the act obligations for the purchase of a motor vehicle or tractor unless 50 per cent or more of the purchase price has been paid. The purpose of the provision was said to be to

prevent the loss which the seller incurred from the rapid depreciation of the car, which would probably not be worth more than 50 per cent of its price by the time the stay provided for in the statute had expired. Makers of other products have pointed out that the same thing is true of their products, but they did not prevail with Congress. The other change made by the 1940 act was the insertion in the provision relating to conditional sales in general, as qualifying the persons to whom the act applied and who were prohibited from exercising the power to repossess, the words "who prior to the date of approval of this Act."

Differences of Opinion In Interpreting the Act

Mr. Romer in his comment on the 1940 act in *The CREDIT WORLD* for June, 1941, has expressed the opinion that it is not clear that this language has the effect of limiting these conditional sales provisions to contracts already in existence when the act was approved, as was the case with the mortgage provisions, but the reasons he gives do not seem to be persuasive. Courts will hold that Congress must have had some purpose in mind when it made this change in a statute which it was obviously copying in general, and what other purpose could have led to the use of this language except a purpose to limit the effect of the act to conditional sales contracts which were in existence when the act was passed. The suggestion that there is no reason for such a limitation, if not met by the court's reply that the purpose of Congress was not the concern of the courts when the language used was clear, could be answered by assuming that the purpose was the same as that which led the framers of the 1918 act to adopt a similar limitation for the application of the mortgage provisions, a belief that those who had undertaken obligations of this kind before the act was passed might assume that they would be protected if called into service, whereas those who entered into such a contract afterwards, knowing that he would have no such protection had no just reason for complaint, and an experience that the application of the provisions to later contracts meant that prospective service men were unable to buy on installment contracts. The possible argument that the court would refuse to give the language its fair meaning because it should be liberally interpreted in

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favor of the service man, was rejected by the United States Supreme Court in a case involving other sections of the 1918 act with the statement that "This act is so carefully drawn as to leave little room for conjecture," and by a state court with the statement that liberal construction did not authorize the court to incorporate into the act something which Congress had stated should be excluded. While the statement that nothing is certain but death and taxes is probably truer in time of war than in time of peace, I have no hesitation in expressing the opinion that the courts will give effect to this new provision. If that is correct, the Relief Act has no bearing on the question of future installment sales, and need not be considered in making such sales. Before any attempt is made to repossess property sold on installments, inquiry should be made to determine whether the sale was one on which a payment was made before October 17, 1940, and whether the buyer has since entered the military service. If it is determined that either one of these conditions does not exist, repossession may be taken in accordance with the terms of the contract. If the sale is affected by the statute and it is not certain that the buyer is not now in the service, repossession may safely be taken only with the written consent of the buyer executed after the making of the contract and after the entry into military service, or upon court order. *In case of any doubt, action should be taken only on the advice of a competent attorney, for the repossession of property in violation of the statute is a criminal offense which may subject the offender to severe punishment.*

If credit to be extended to an actual or prospective service man is to be secured by some responsible third person, the execution of a guaranty by such third person will have little effect on the operation of the act for it is provided that where a third person is liable as surety, guarantor or endorser for the service man, the court may grant to the party secondarily liable the same procedural stays as are extended to the man in service, himself. The effect of this provision of the act can be avoided by having the third person assume primary liability for the debt, leaving him to make his own arrangements for reimbursement from the service man. Of course, the promise by a third person to assume such primary liability must be in writing, or it is unenforceable under the statute of frauds.

Act a Basis For Refusing Credit

Thus it appears that an examination of the terms of the Relief Act shows that it has much less effect on the credit of a person who may be later called into the service than has been generally assumed. References to it in casual conversations indicate that to some extent at least credit has been refused on the basis of the statute to men who are of draft age, under circumstances which show that the statute is wholly inapplicable. Policies with respect to the credit to be extended to such men should be re-examined in the light of the precise provisions of the act. If, after Congress has enacted a law so carefully drafted to reduce the relief afforded to persons in military service to the minimum that is necessary for the protection of their interests and the preservation of their morale, businessmen still refuse to extend credit to those already in service or apt to be called into such service, when the risks of such credit are no greater than ordinary, we need not be surprised if strong pressure is exerted in their behalf to extend the protection given them. But that fear is of slight weight in inducing such re-examination compared with the obligation all of

us who are to stay at home owe to those who are to bear the brunt of the sacrifices called for to guard our nation in this hour. The most that we can do to aid them is very little compared with what we are asking of them. Certainly we should do all in our power to avoid adding one useless straw to the heavy burdens they must bear for us.

★ ★ ★ ★ ★ ★ ★

Supplementary Analysis

Sidney A. Romer

Attorney
San Francisco, Calif.

Recently, I received a letter from Mr. L. S. Crowder, inviting further comments from me supplementary to my article which appeared in the June, 1941, issue of The CREDIT WORLD, as well as an expression from me regarding certain statements in the foregoing article by Mr. McClintock.

★ ★ ★

Since the date of my article, certain conditions have so radically changed that I definitely welcome the present opportunity. For example, at that time, we were, as a nation, looking at the Selective Service Act simply as a provision made by way of preparation and defense in which certain of our young men, largely single, would spend not over one year in training for what then appeared to be the remote possibility of defense of their country. Since then, we, as a nation, have been the victims of a fiendish and unprincipled attack with the result that the picture is vastly different at the present date.

At the time I write this paper in April, 1942, not only the young men without dependents, but also older men, men with families and vast numbers of women as well, now fall within the provisions of the protection afforded by The Soldiers' and Sailors' Civil Relief Act of 1940. One very great change which results and which does not seem to be under general consideration by credit managers, is this: A year ago, those who largely came under the provisions of the Act were young men not particularly established in their communities and in the business world and who, as a result, were seekers of credit on a very limited basis only. Now, additionally falling under the provisions of the Act are men and women in large numbers, older in years, well established in their communities, in civic life and in the business world, who for years have been the grantees of large and diversified credit. Also, it is evident that this number will constantly swell. A year ago, I touched only lightly upon the problems which will be facing the man or woman in military service in paying within a short space of time, those delinquencies and obligations in connection with which extensions were automatically given during the period of military service. This, then, is the new and great problem which results from this additional large group being brought within the provisions of the Act.

For example, in the normal case, relief from entry of default judgments, stays of judicial proceedings, stays

of attachments and executions and like proceedings are available for a maximum period of ninety days only after the termination of service of the individual. Taxes on real property and tax sales may be deferred for not over six months following the termination of the individual's service. Power of sale provisions contained in mortgages, deeds of trust and the like upon real or personal property and coming within the provisions of the Act are stayed for a period of only three months following the termination of the individual's service. Life insurance policies, as has previously been stated, are protected only up to the face value of \$5,000 and even then, to prevent lapsing, the individual must pay his delinquent premiums together with interest within a maximum of one year after the termination of his period of military service.

Handling Individual Problems

Credit managers should, and must, recognize this change which has taken place by reason of recipients of far greater credit than had been contemplated, now coming under the provisions of the Act. Many of those individuals will have an extremely large total of obligations facing them when their period of service is terminated and which obligations will have to be liquidated in a very short period of time. It is not unlikely that amended and adequate legislative provision will be made to take care of this very considerable problem. Otherwise, it will be up to each credit manager to wisely and humanely handle each such individual problem as it arises and as it is certain to arise at some unknown future date. It is none too early to give this problem serious consideration not only with regard to the collections of delinquent obligations after the war, but also with regard to extension of credit at that time to individuals now under the protection of the Act. For reasons too obvious to mention, that consideration should be as generous as possible with regard to those individuals.

Furthermore, the differences of opinion which formerly existed with regard to the interpretation of sections 301, 302 and 303 of the Act, appear now to have definitely resolved themselves. From the standpoint of practical application, in general, it is regarded that the protection afforded by the Act is applicable only to such installment sales as were consummated prior to the effective date of the Act, namely October 17, 1940. Again from a practical standpoint, another procedure has sprung up in certain quarters which has the effect of eliminating considerable hardship and loss of equities. I refer to the procedure of encouraging and permitting sales of equities or assumption of the contract obligations by members of the family of the individual who is about to enter the military service. Where a sincere effort has been made along these lines, very few repossessions have resulted, the individuals receive some benefit from the payments they made and yet, the creditor himself takes no loss. If such procedure were to become general, great benefits would result to all concerned.

Other than the foregoing, no particular changes in interpretation or application of the Act appear to have taken place since my article which appeared in the June, 1941, issue of *The CREDIT WORLD*.

I hope and believe, that this supplementary article and some of the suggestions I have made will be found to be of some practical assistance to those engaged in the granting of credit, because in its preparation, I have had them exclusively in mind.

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The Group Conferences at our annual conventions have always been a real success. They are a vital part of the program because assembled together are the representatives of various types of business for the discussion of mutual problems and the profitable exchange of ideas for the accomplishment of a better job for their firms.

Contributing to the success of these meetings are the Chairmen and Co-Chairmen who give generously of their time and energy in the preparation of a worth-while program and the conduct of the meeting in orderly procedure. Listed below are the names of those members who have accepted the Chairmanship and Co-Chairmanship of this year's Conferences. You can help them, yourself, and other members who attend, by sending immediately to the Chairman of your Group, questions and problems which you wish to have discussed.

Group Conference Chairmen

General Chairman—Hubert Fielder, D. H. Holmes Co. Ltd., New Orleans, La.
Co-General Chairman—C. F. Basler, Thomas Kilpatrick & Co., Omaha, Neb.
Co-General Chairman—C. W. Orwig, Commonwealth Trust Co., Pittsburgh, Pa.

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Chairman—Earl Warrick, Gulf Oil Co., New Orleans, La.
Co-Chairman—H. S. Barnes, Continental Oil Co., Fort Worth, Texas.
Co-Chairman—T. Wilbur Thornhill, Charleston Oil Co., Charleston, S. C.

Commercial and Industrial Banking

Chairman—Lloyd B. Ferrell, The Southwest National Bank, Wichita, Kan.
Co-Chairman—John J. Mason, Mason Plan, Mobile, Ala.
Co-Chairman—K. F. Blue, Foundation Plan, Inc., New Orleans, La.

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Registration Fees:—Delegates \$10.00. Wives, families and guests \$5.00.

Name of Individual.....

Date of Arrival.....

Name of Firm.....

City and State.....

Will attend sessions of..... Group.....

A.M.

Time of arrival..... P.M. By Train Plane

Auto Bus

Will Wife Attend? Yes No Her Name.....

Check Enclosed for \$10.00 registrations—\$ Total

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Co-Chairman—Dean Ashby, M. L. Parker Company, Davenport, Iowa.

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Co-Chairman—Mason B. Koontz, The Flynn Dairy Co., Des Moines, Iowa.
Co-Chairman—J. H. Bergeron, A. M. & J. Solari, Ltd., New Orleans, La.

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Hotel

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Co-Chairman—Edward Boroff, Hotel Morrison, Chicago, Ill.
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New Membership Progress

Final Membership Standing ★ ★ ★ Trophies
 ★ ★ ★ Cash Awards ★ ★ ★ New National
 Members by Cities and Districts ★ ★ ★



Get a New Member

New National Members

This year the Wichita Retail Credit Association had the honor of finishing in first place in new members reported. The Retail Credit Association of Pittsburgh finished in second place, and third place was taken by the Associated Retail Credit Men of New York. Local units reporting ten or more new members from June 1, 1941 to May 25, 1942 are:

*Wichita, Kan.	178
Pittsburgh, Pa.	133
New York City	86
*Philadelphia, Pa.	63
Los Angeles, Calif.	60
Oakland, Calif.	59
Tacoma, Wash.	51
St. Louis, Mo.	49
Albuquerque, N. M.	44
Portland, Ore.	44
Kansas City, Mo.	41
Houston, Tex.	36
*Troy, N. Y.	33
*Waterloo, Ia.	31
Spokane, Wash.	29
Washington, D. C.	28
San Francisco, Calif.	27
Denver, Colo.	27
*Peoria, Ill.	27
Des Moines, Ia.	24
Chattanooga, Tenn.	24
Knoxville, Tenn.	24
Nashville, Tenn.	23
Elkins, W. Va.	23
Springfield, Mass.	20
Memphis, Tenn.	19
*Columbus, Ga.	18
New Orleans, La.	18
Baltimore, Md.	18
Milwaukee, Wis.	18
*Nyack, N. Y.	17
Butte, Mont.	17
Bremerton, Wash.	17
Vancouver, B. C.	16
Lincoln, Neb.	15
Providence, R. I.	15
*Anniston, Ala.	12
Phoenix, Ariz.	12
Atlanta, Ga.	11
*Ames, Ia.	10
Minneapolis, Minn.	10
Dallas, Tex.	10

*New National Units

New Members by Districts

12	305
7	304
10	233
11	189
2	167
4	144
6	111
9	88
13	88
8	77
1	67
3	51
5	40
Total	1,864

Awards

We are pleased to announce cash awards of \$25.00 each as follows:

Carl E. Porter, Credit Bureau of Albuquerque, Albuquerque, N. M.—Local chairman in city under 50,000 population reporting greatest number of new National members.

Louis Toppall, Fashion Fur Shop, Troy, N. Y.—Local chairman in city of 50,000 to 100,000 population reporting greatest number of new members.

Charles E. Waggoner, Wichita Retail Credit Association, Wichita, Kan.—Local chairman in city of 100,000 to 500,000 reporting greatest number of new members.

T. L. Ford, Boggs & Buhl, Pittsburgh, Pa.—Local chairman in city of over 500,000 reporting greatest number of new members.

B. D. Fuchs, Block & Kuhl Co., Peoria, Ill.—Credit Manager—for outstanding membership work.

L. L. Cook, The Credit Bureau, Inc., Elkins, W. Va.—Bureau Manager—for outstanding membership work.

Joseph A. White, Harris Stores, Pittsburgh, Pa.—State chairman reporting greatest number of new members.

Trophies

Wichita Retail Credit Association—New Association reporting greatest number of new members.

The Retail Credit Association, Elkins, W. Va.—Largest Association in proportion to population.

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I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose \$5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

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Recommended By

What Have You in Your Wheelbarrow?

A talk given at the recent Third and Fourth District Conference in Knoxville, in which MISS LORRAINE BOONE, President of the Dixie Council of Credit Women's Breakfast Clubs, compares such gatherings of credit executives to a large wheelbarrow in which is conveyed "exchange of ideas" so that all who attend may help themselves freely, and profit generously by the experiences these ideas represent.

WHAT HAVE YOU . . . and you . . . and you, in your wheelbarrow? Naturally, at first thought, maybe you will think that sounds silly—you may not even have a wheelbarrow, and never did have one. But you do know what one looks like, sort of a box affair, with two handles, and one wheel to run on. We had one when I was a child out in the country. I imagine you all remember that riddle that was always being sprung on us when we were children. "What is it that goes around and around the house, and only makes one track?" The answer was: A wheelbarrow.

The main use that the wheelbarrow was put to in those days was the carrying of material from one point to another, and unloading this material where it would do the most good. It was all an individual matter; it took considerable push to get where you were going.

The wheelbarrow has long been the symbol of the means by which all building is done. It was used to create the first crude stone huts and shelters, and centuries later, it was the wheelbarrow that transported the bricks and stones for the tower of Babel. It helped build America. Even in our day, as always, it carries the produce from our gardens, and the shells to serve the guns in all of our wars. The same old wheelbarrow in far-off Africa carries the priceless blue earth from the Kimberly diamond mines. It trucks gold bullion into the underground cave of our treasure stronghold at Fort Knox. It also cleans up the barnyards in South Georgia. It depends upon what is in our wheelbarrow that counts, whether it be the actual articles for the building of material things, or refuse to be carelessly hauled to the nearest dump; just as the wheelbarrow of our mind can be used to transport the finest ideals and accomplishments, or the waste materials of idleness, envy, and lack of effort.

I remember how, back home, we used to fill one of these conveyances numerous times each spring with good, rich dirt, and wheel this new dirt to the flower beds.

That helped to make the plants grow healthy and strong, and in a short time we had those beds covered with beautiful flowers. In choosing this subject, the thought had occurred to me how much like gardeners all of you are, who attend these conventions. You come here from many different cities, both small and large, and from several different states. You meet here to enrich the soil of each other's mind, that new ideas may take firm root and grow and flower into lasting and beneficial results for the betterment of credit conditions throughout our territory.

So, I would compare each of your minds, or your inner selves, or whatever you wish to call it, with the loaded top part of the wheelbarrow. It is easy to realize that it took a lot of push on the part of most of us to get here with our cargoes, and I know that we all have ideas to exchange.

When you come here with your many good ideas to unload, you discover that you are emptying them into the carrier of a still larger wheelbarrow, a broader vehicle for thought, which is the National Retail Credit Association. The more freight we put aboard this larger conveyance, the deeper the impression its wheel will make, and the plainer its track will be to follow. This track is the trail that you blaze through the present wilderness of uncertainties, the earnestly desired road to continuing safe and sound consumer credit policies. This track will not always lead ahead in a straight line, at times it must detour around obstacles. But the goal will steadily beckon, and your collective wisdom, born of your own past experience and mature judgment, must, and will, keep the wheel upright, and steered through many swamps and bogs, to the safe and high ground beyond.

This strongly constructed wheel of our National wheelbarrow has four very definite and closely bound spokes, all converging to the hub at the center, which is our common welfare. Four of the spokes in our big

National wheel for which each and every one here today is personally responsible, might well be names for the four major groups represented here. One is the Southern Division of the NRCA, another, The Credit Bureau Managers' Division of the Associated Credit Bureaus of America, still another, The Collection Service Division of the A C B of A, and the fourth, The Dixie Council of the Credit Women's Breakfast Clubs. These groups are all working toward a single objective—improved credit conditions—so that the rim of the wheel, which binds them together, is the desire to render mutual assistance.

Thus we have our wheel, looking at our organization from the group standpoint. But do not forget that each group can be only as strong as the individuals which compose it. Each individual in each of these groups is more important today than ever before. Did you ever stop to realize what hidden talents and unrecognized abilities, what dormant leadership or helpful suggestions some quiet individual may be hiding within himself? Please forget your modesty, or timidity, or anything which may hold you back, if you are such a person, and empty your wheelbarrow at this convention.

Now for the four spokes of our wheel. To you, members of the NRCA, you should have, in your wheelbarrow, honesty, sound business policies, progressive merchandising ideas, a broad mind, and a very cooperative attitude not only toward your fellow members on a national basis, but to the other credit managers in the community in which you live. You come here to these conventions and exchange ideas with the other members present. Do you do the same in your home town? Remember, your NRCA membership applies just as strongly at home as it does here if not more so. Here, you may think that, because you air your professional secrets before a group composed largely of strangers, you are safe, and that very few of your competitors at home will be able to take advantage of your own ideas. But remember, this association was formed and has prospered, because a few individuals were unselfish enough, and farsighted enough, to unload their wheelbarrows on these convention floors, so that all might help themselves freely to any beneficial ideas thus disclosed. And as you benefit on a national or regional basis, so can you also benefit in the closer knit confines of your own community.

To you, Credit Bureau Managers, we know that you have in your wheelbarrow an honest, sincere desire to serve your subscribers. You have also demonstrated that you have a profound conviction that accuracy is paramount above all else. Knowing this, it is necessary to your further success that you develop the same conviction in the credit executives whom you serve. In your wheelbarrow, you need more of a certain kind of salesmanship, a broader understanding of the credit executives' problems in their own office, so that you can adjust your organization to serve them fully, yet insist that they reciprocate with the detailed information that is the lifeblood of your own business. After you have sold the credit executives to the extent of your ability, then your own coverage on credit applications will rise nearer one hundred per cent.

To you, members of the Collection Service Division of ACB of A, you have, or should have, in your wheelbarrow, in addition to your technical training—Tact, Perseverance, and a large amount of double diplomacy. Do not ever forget that it will often be found that the successful collection man has in his wheelbarrow an honest desire to serve the debtor as well as the creditor.

To you, Breakfast Clubbers, you have, or should have in your wheelbarrow work, responsibility, enthusiasm, perseverance, faith, vision, and courage.

First, there is work. There is a job for all of us to do, regardless of what position we might hold in our club. The days of wishful thinking and dreaming are over. We must stop offering lip service, and now start hand, heart and mind service. The struggle has already begun in the realm of ideas, and must be fought on the battlefield of business with mental weapons.

Next comes responsibility. We as Breakfast Clubbers are going to be called upon to accept greater responsibilities. We will have to become more efficient in handling affairs in the credit field. Do you remember, it has only been a few short years ago that women had no place in the credit departments. Now, visualize that it will be only a very short time until we will dominate the departments. We owe it to our country, and to the credit profession, to perform our responsibility to the best of our ability. Today, as we see men leaving important positions for the service of our country, it behoves us to know that we are capable of filling those vacancies.

Next comes enthusiasm. We must have enthusiasm, because it is contagious, and it is the first step to success. Our success depends upon our enthusiasm, and the goal we set for ourselves.

Then comes perseverance. We should have perseverance. We all know that the days ahead will be trying ones, especially for people engaged in credit work. I suspect there will be days when we will feel like the little negro boy who was sitting on the hillside, and suddenly found himself surrounded by hornets. He started running down the hill as fast as his legs would carry him, and as he approached the bottom of the hill he passed a man. The man said, "Sambo, where are you going in such a hurry?" Sambo replied: "Boss, I don't know whar I'se goin', but I jes' wants to leave the spot whar I'se been." We must not be prone to run away and leave our job, but we must, "Hold that line, and not give any slack."

Last, but not least, if we live up to the remainder of our creed, "Faith, Vision, and Courage," then we will have accomplished all that it implies.

I have talked about what is in *Your* wheelbarrow, now, maybe, you ask, "What is in my wheelbarrow?" I think it is only fair to tell you that I think, first, there are pride and gratitude. Nothing that ever happened to me made me more proud than to be elected last year as President of the Dixie Council of the Credit Women's Breakfast Clubs of North America. In the visits I have been able to make this year in our District, I have come to realize that our girls are the finest and most loyal of any to be found in our whole country, and the pride in



my wheelbarrow comes from knowing so many of you so much better than I did a year ago. I wonder if the men in our audience this morning—the credit men—realize how loyal and how serious many of the girls that work in their offices really are. I wonder if they understand and appreciate the interest and the faithful attention to duty that so many of our girls give to their employers in their daily working hours. It would be a revelation to you, as it has been to me.

Loyal to the Cause of Good Credit Practices

The gratitude in my wheelbarrow comes from knowing how much stronger the Dixie Council of Credit Women's Breakfast Clubs is growing from year to year, and from knowing that its strength comes from loyalty to our officers and all the rest of the hard workers in our District. I am grateful, too, for the continuing recognition that the Dixie Council has received from the State, District, and National Associations, because your interest and your faith in us encourage us to greater efforts.

I am telling you with all the seriousness I possess, that every one of our Club members has a wheelbarrow filled with loyalty and devotion to the cause of good credit practices, and our primary objective in our Club creed is to be true to ourselves, so that we can be true to you, and the business ethics you represent. In our daily business lives, we are the closest daily consultants of your credit executives, and we try to fit our plans and the educational work of our Breakfast Clubs into the pattern

of your business lives to prove our usefulness to you, and the institutions you represent. What more can our wheelbarrows carry than that? Well, maybe a little more, even, than we realize.

Most wheelbarrows have an extension side that can hold a little extra entertainment, maybe a dance or two, often another laugh at the same old jokes, and once in awhile it can even be stretched to make the tired credit man think he is the lord of all he surveys. Truly, a woman's wheelbarrow is a wonderful thing, but like all wheelbarrows, there is a limit to the distance it can be pushed.

What Have You in Your Wheelbarrow?

"What have you in your wheelbarrow?" is a question that I know every one of our Breakfast Club girls would like to hear you answer. To us it means, "Have you taken a genuine interest in your own town, in the Credit Women's Breakfast Club movement, and have you made it possible for the girls in your office to take the leadership in Club work?" And, have you recognized the sincerity of the girls who are so genuinely interested in learning more about the profession in which we all make our living? And, last but not least, have you in your wheelbarrow the satisfaction and joy of ever publicly stating your support and approval to our organization, and what we stand for? I know that you have; even if some of you have not, won't you please try it sometime? And, remember, *push your wheelbarrow a little bit, too, sometime. It works both ways.*

PROXY

National Retail Credit Association Convention

New Orleans, La., June 15, 16, 17, and 18, 1942

To THE NATIONAL RETAIL CREDIT ASSOCIATION:

I, a member in good standing of the National Retail Credit Association, do hereby appoint and designate _____

as my proxy, to act as my attorney and in my stead vote my membership at the Convention of the National Retail Credit Association, held in New Orleans, La., June 15, 16, 17, and 18, 1942, for the election of officers or any other matter upon which a vote is taken.

WITNESS:

Signed _____

Firm _____

Address _____

Proxies can be voted only by a member in same or adjoining state as signer of proxy.

● Outlook for Business . . .

(Beginning on page 3) ●

We are still thinking of war costs too much in terms of dollar values.

The real costs of war are not financial at all—they are longer hours, home sacrifices, unbalanced rations, and disrupted lives.

Domestic policies of the past decade are troubling us—the rectifying social movements of the period are running athwart the leveling requirements of war, and raise the most practical problems in our major economic groups.

We are setting huge social, fiscal and governmental forces in motion that we know we cannot liquidate.

Our morale is good—but as yet untested. We accepted Pearl Harbor with amazement, Singapore with disbelief, Java with chagrin, and look toward Australia, Hawaii and even Alaska with sober doubts.

Our confidence is still in time, space, populations, production and stamina.

What does American free enterprise have to fear from these tremendous movements?

First: An unsound policy of taxation. That because of its inadequacy encourages and even requires a debt that points toward economic and political disaster. That because of its *burden* on industry is drying up all working capital; because of its narrow *incidence* is shielding a large proportion of potential taxpayers from their competent share.

The situation calls for new thinking and a different approach. There are only a few taxes which would meet the fiscal requirements of the emergency: manufacturers' excises, consumer sales, or a tax on income payments to individuals. The first would be subject to a narrow base and to possible price distortions; the second to heavy leakage and costly administration; the third, possibly a tax of 10 per cent on all income payments received to be collected at the source, is a possibility which might well be considered.

1. On the basis of an estimate of 110 billion dollar income in 1942, from 7 to 8 billion might be raised.
2. It would restrain purchasing power on a broad base of consumption.
3. It would provide revenues immediately collectible when the money is actually available.
4. It would permit a readjustment of the tax burden to protect working capital for the postwar transition.

Second: A rapidly mounting inflation spiral with no adequate steps to meet it. The recent regulations of installment credit have been the only effective regulatory attempts at inflationary controls. The following devices, however, have been used or proposed to restrain the inflationary movement:

1. Increasingly heavy taxation to absorb excess purchasing power.
2. Borrowing from current consumers' incomes—tax anticipation notes and defense saving bonds and stamps.
3. A proposed extension of the social security program to reduce the use of current income and to provide a cushion for the post-war period.
4. A price control bill authorizing the Office of Price Administration to proceed with elaborate retail price control and rationing programs.

Taxation the Best Medium

These are useful, but to date they have proved feeble devices to stem the torrent that has been emerging around us. We shall have to tax ourselves still more heavily and, as indicated, quite differently from present methods. We may come to some form of forced savings, although tax-

tion is better because it avoids the hazards of a new debt structure. We must recognize that price is not merely identified with a short list of consumer's goods, but with farm products and wages as well. We must for the time being submit to controls foreign to our ways of thinking and embarrassing to our ways of living. These things may prove to be impossible to accomplish and if accomplished, impossible to abandon. But the choice is clear. We must assume the risk or pay the penalties.

Third: Increasingly strained relations between government, the employer and labor. Let me return for a moment to Sir William Beveridge in his article in the *London Times* of March 17:

We have continued to rely upon individual capitalism with its accompanying machinery of wage bargaining, even though the excess profits tax and other financial relations between the State and business managers have deprived both private capitalism and wage bargaining of their logical bases. We have left vital production in the hands of individuals whose duty it was to consider not solely the needs of the nation at war but the interests of shareholders and what would be the position of their business after the war.

We have allowed some farmers' spokesmen to talk as if putting their utmost effort to use our land depended upon the terms of a price bargain. We have generally, against the advice of economists, treated our work people as if they were "economic men" not amenable even in war to any stronger motive than personal gain.

Meanwhile, the state has set out on the direct employment of all men without taking responsibility for insuring a fair distribution of income. The main evil of this economic policy is not the bogey of inflation, nor is it that a few people may make large profits or large wages; it is the evils that lie partly in the indefensible and dangerous inequalities that have resulted between civilians and members of the fighting forces and between different civilians and businesses; partly in the fact that bribery by price or wage is often an ineffective spur to output.

Appeals to Class Conflicts

Fourth: There must be an end to the appeals to class conflicts: first, the idea that government employees are the natural enemies of the taxpayers; and second, the idea that business management is a natural enemy of its own employees. There is an insidious connection between these two conflicts—government to sustain itself has found it essential to appeal to employees—they are the voters; business to sustain itself has developed a hostility to government—it is the source of fiscal and administrative pressures. "It is primarily the job of you who receive profits," writes my colleague, Professor Harley L. Lutz, "to prove that profits are as legitimate as wages and that an economic system which is all wages and no profit would eventually be as bad for the worker as one which was all profit and no wages."

No thinking citizen in America wants totalitarian government. But many thinking citizens are keenly alive to trends toward regimentation—and they do not like it. Neither, however, do they like:

"Delay, compromise and procrastination" defended in the name of democracy.

Governments following public opinion rather than leading it.

Pressure groups powerful enough to isolate themselves from the disciplines of the emergency.

The adjournment of politics but the perpetuation of patronage.

Insurance Protection on Accounts Receivable in War and Peace

A. P. Lange

Hale Bros. Stores, Inc., San Francisco, Calif.

WHILE WAR has as yet introduced no new means of destroying property thereby making it difficult if not impossible for a creditor to realize on accounts receivable either because of the destruction of records or uninsured losses sustained by debtors, it has served to bring these dangers to attention as probably nothing else could have done.

The result of the destruction of records is equally serious whether such destruction be independent of or resulting from war activities. The same may be said of an uninsured loss sustained by a debtor and resulting in his insolvency, the "changing of a good account into a bad debt," to which further reference will be made.

The destruction of records is no different because caused by an invading alien force than if caused by a mob temporarily out of control; by a fire caused by the torch of a hostile armed force or an overheated stove; by an explosion caused by an enemy bomb or a leaking gas main. The difference seems to be in the fact that at this stage of the war we are faced with exposure to losses which have previously seemed so remote as not to warrant serious concern.

In the case of the credit manager, it has long been realized that the destruction of the records of his department must result in loss to his principals. Such loss could formerly have readily been covered by insurance which is still available, unless the loss is attributable to the hazard of war operations, which is uppermost in our minds.

Value of Insurance in War and Peace

The net result of war to date, insofar as it relates to the destruction of records and the solvency of debtors, has been to focus attention on the value of insurance to the creditor in times of peace as well as in times of war, and it is from this standpoint that I am bringing the matter to attention, with special reference to certain features peculiar to times of war.

Insurance covering all hazards to which records are exposed has been obtainable for several years, but it has been the exception, rather than the rule, for retail merchants to carry such insurance because of failure to appreciate its value, especially when such insurance is broadened to include the cost of duplicating damaged or destroyed records where such duplication is impossible.

Insurance covering the creditor's interest in merchandise sold on the budget plan has been available for at

least 25 years. Originally designed to protect creditors against uninsured loss in an individual case, its value in case of a sweeping conflagration has become highly appreciated by some.

In the Case of Conflagration

In the case of an uninsured loss confined to an individual debtor, the creditor is in position to secure payment of the balance due him from his insurance carrier. He can wipe the slate clean so far as the particular debtor is concerned. This of course builds good will. But it is in case of a conflagration, especially in the residential section of one of our larger cities, that the real value of such insurance is found. An actual occurrence may be cited to illustrate this.

In September, 1923, the major portion of the residential section of Berkeley, California, was destroyed by a conflagration, involving several hundred dwellings and contents, either uninsured or underinsured and resulting in heavy net losses to many householders. Within two days after this occurrence a prominent retailer announced that all indebtedness due the retailer on property destroyed in the conflagration would be cancelled.

The creditor recovered the full amount of such indebtedness from the insurance companies without delay or pressure, thereby relieving himself of expense and trouble in making collections and, most important, building good will.

Complete Coverage on Accounts Receivable

Even if the debtor carries insurance the creditor is not necessarily protected thereby. The peril which caused the loss may not be one insured against. In most cases insurance carried by the householder is restricted to loss by fire and the perils set forth in the extended coverage endorsement. The properly drawn retailer's accounts receivable policy covers losses of every nature, even those deliberately caused by the debtor and for which the debtor could not possibly recover if the facts became known. In some cases, the policy covers losses caused by embezzlement and skips.

In England, as in our own country, war has focused attention on the value of accounts receivable insurance. Note the following quotation from an article originating in England and appearing in *FORTUNE*, October, 1941:

"A special difficulty of the hire-purchase firms is that

a bomb may change a good account into a bad debt." (The term "hire-purchase" of course corresponds to that of "budget" in this country.)

Losses in War and Peace

The same situation is met in time of peace. A good account becomes a bad debt because of the destruction of property. Ordinarily the loss can be taken in stride, but in case of a great catastrophe, such as occurred in Berkeley, the situation may become serious for the creditor, and it is immaterial, except possibly as to two features, what caused the catastrophe, fire, windstorm, flood or an act of war. The loss has occurred, and someone must bear it. Without insurance that someone is necessarily the creditor or the debtor, jointly or severally.

One of the features distinguishing war losses from others is the question as to who shall bear the loss due to the destruction of merchandise sold on contract, the creditor or the debtor, and in what proportion in the event that such destruction was caused by an act of war. On this point the article in *FORTUNE* says: "There has been much legal discussion as to what is the ratio responsibility for bombed hire-purchases as between firms and customers. Generally speaking, the buyer is responsible for the installments unpaid at the time of destruction and the seller for the proportion already paid for."

Who Must Bear Loss on Property

My own opinion is that the statement is incorrect and that the maximum loss which the seller could be called upon to bear would be the unpaid portion of the purchase price. This, however, is not the point. The point is that while war has not introduced any new means of destroying property, it has given rise to the question who, as between creditor and debtor, must bear the loss and in what proportion. Pending or regardless of the final determination of the question so raised, the obviously safe course to pursue is to insure both parties to the transaction against loss through the medium of one policy providing that the seller shall receive the unpaid portion of the purchase price and the buyer the paid portion.

The other and far more important feature, if it can be called a feature, is that, now that we are at war, insurance against destruction of records of accounts receivable or merchandise sold on contract is written by only a few reliable insurance companies. To put it bluntly, the insurance companies have run out on us. In the past the hazards of war operations were specifically included in accounts receivable policies, but immediately after the Pearl Harbor incident, when the long-expected probability of our becoming involved in war became an actuality, the insurance companies, almost without exception, relieved themselves of liability for losses to accounts receivable due to war operations.

Insurance the Cornerstone of Credit

This does not seem to be either the time or place to consider the reasons assigned by the insurance companies for their action, nor to comment on the far-reaching effect which their forcing the federal government into the insurance business will have on private industries in the

future. It is sufficient to state that with all its contention that business could not be safely conducted without insurance—that insurance is the cornerstone of credit—insurance as a private enterprise has failed us at a time when most needed.

However, whether or not you are in position to obtain insurance on your accounts receivable records and your insurance interest in merchandise sold on contract which includes land war risks, do not overlook the fact that these records and this interest are exposed to serious loss not due to war and that war adds to such seriousness by reason of the increased cost and difficulty you would experience if your records were destroyed or your debtor rendered insolvent by an event against which you can obtain insurance now as heretofore.

Insurance Should be Placed With Companies Offering Full Protection

By all means endeavor to place your insurance with companies which will afford you *full* protection and bear in mind that the federal plan does not contemplate insuring your accounts receivable records and probably does not protect you against loss on merchandise sold on contract. *Protect yourself against these losses, if possible; but if not possible, at least protect yourself against losses due to events occurring in time of war as in time of peace.*

Above all else, the condition of obtaining broad accounts receivable insurance will depend on your cooperation in safeguarding your records so that the insurance company may salvage as much as possible of any loss you may sustain, and for which it has reimbursed you.

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CREDIT DEPARTMENT LETTERS

• Aline E. Hower

THE OPENING'S THE THING! A sparkling, to-the-point opening sets the pace and tone for the whole letter and determines the first reaction of the reader. Will it capture his attention, soothe his irritation, appeal to his pride, spur him to action, or favorably influence him? A well-written opening accomplishes one, sometimes all, of these things when it is friendly, natural, concise, positive in tone, and slanted to the reader.

"Plus" openings pay dividends in good will and business; "minus" openings usually have no positive effect and often help to estrange the reader and possibly even arouse his resentment.

"Plus" Openings!

You are correct with reference to . . .

We should like nothing better than to be able . . .

We appreciate the predicament you are in on the . . .

Thanks a lot for your quick reply to our letter . . .

Nice work in regaining this account, Jerry; that was a swell job.

May I congratulate you on a nice little sale?

If we could meet in person and shake hands, I'm sure the first thing that would come to your mind would be the balance you owe us amounting to . . .

It is gratifying to know that both you and this good customer are interested . . .

We appreciate this fine order and the confidence you hold in us by placing it with us.

I certainly appreciate the cooperation and oomph you are putting in the drive . . .

"Minus" Openings!

We hate to bother you concerning our troubles but . . . Too much we—not enough you. Also hate, bother, troubles are "gloom" words.

We're extremely sorry to learn from yours of the 18th . . . Means well, but it weeps. It's better to start with a smile when possible. Sometimes "concerned" can be used for "sorry."

The purpose of this letter is to . . . Omit and come to the point.

We are disappointed not to have received a reply to our letter of . . . Disappointment over previous unsuccessful letters is not as action impelling as "We have been expecting to . . ." or "May we please have an answer to . . ."

We cannot understand why you have evidently disregarded your April invoice. Blames the reader. An ex-

pression of *approval* or *confidence* pulls better. "We know you will want to take care of your April invoice now."

Please pardon our failure to comply with your instructions. "We shall be very careful to comply with your instructions in the future" stresses the positive side.

This Month's Illustrations

One of the finest and most encouraging things about the privilege of writing the Credit Department Letters page is the wonderful cooperation and spirit of helpfulness of the credit executives everywhere.

"The attached letter has given us very good results," reports Mr. L. W. King, Credit Manager, Midwest Beauty Supply Company, Fort Smith, Arkansas. "It has made us happy, and if it will do for others what it has done for us, we will all be happy." Mr. King was referring to *Illustration No. 1* which is a remarkably fine example of a letter written from the reader's point of view. The women who read this page will quickly perceive how proficient Mr. King is in knowing how best to write the operator of a beauty parlor. The men may possibly see this very quickly when they consider how they would write such a letter to a barber shop. In my opinion, this letter strikes exactly the right keynote of seriousness backed up by a good-natured explanation. The letter discloses very clearly why it has been so successful for the Midwest Beauty Supply Company.

Illustration No. 2 covers an obviously very sensitive situation. Mr. W. Koezby, Assistant Credit Manager, James McCreery & Co., New York, is not ready to approve credit for the applicant. Perhaps the applicant actually has an unsatisfactory record; perhaps it is simply a case of having no information at all. In either case, additional, very recent information should be helpful. If the applicant is not able to produce such information, the store has in effect turned down the application without ever using the word "no." This is quite a neat trick to turn!

Illustration No. 3, written by Mr. D. C. Hoyt, Credit Manager, Winkelman's, Port Huron, Michigan, shows splendid resourcefulness and alertness in using an appeal which ties in with present-day conditions. The letter is written decidedly from the reader's point of view, which should make it very powerful in getting results. It is well worded and well constructed, with an excellent opening, a fine continued approach, and an effective closing.

Illustration No. 4, from Campbell's, Santa Monica, California, uses one of the most expertly balanced patriotic appeals that I have seen. This is a powerful appeal, especially when the nation is at war. It has to be used exactly right, however, or it may appear overdone. Mr. M. Myers, Credit Sales Manager, is a very fine letter writer indeed. The wording is up to date, the ideas sparkle, and the structure is most effective.

Reading this magazine carefully and regularly will contribute to your success as a Credit Executive

Midwest Beauty Supply Co.

"Complete Outfitters to the Beauty Shop"

PHONE 3700



309 GARRISON AVE.
FORT SMITH, ARKANSAS

1

April 7, 1942

Mrs. Vol. Hannah
c/o Lillian's Beauty Shop
Prairie Grove, Arkansas

Dear Mrs. Hannah:

In checking our accounts just recently, we notice that your account has been reduced \$4.59 since last December 16th. We know that you are paying for all purchases, but really Mrs. Hannah, you should try to pay a little more each month on your account.

Please don't think that we are becoming impatient, but at the rate of payment since the first of the year, it will take one year to pay the present \$12.50 balance on your account.

You see, for us to carry an account so long actually reduces our profit from the merchandise we sell. We must keep purchasing merchandise to replace that which we sell and to do so we must receive our money each 30 days from our customers. It's what you might call an unending circle - just like a merry-go-round - we buy, we sell, we collect and then buy again, and so on around the circle. BUT, if we don't collect it causes the merry-go-round to break down, and too many break downs may cause us to fall.

We know that you would not want to be the one that caused our merry-go-round to get out of commission. You will try to help keep it in operation, won't you? To pay this small \$12.50 balance within the next 30 days will help a lot, and we would certainly be grateful.

Sincerely yours,
MIDWEST BEAUTY SUPPLY COMPANY
By *L. King*
Le. W. King
Credit Manager

DK:lw

PERMANENT WAVE
EQUIPMENT
AND OTHERS
ODOR CONTROL
STREAMERS
SUPPLIES
TOILET PREPARATIONS
ACCESSORIES

Telephone 6151

Winkelman's
"The Store of Personal Service"

218 Huron Avenue
Port Huron, Michigan

3

April 22, 1942

Mrs. John Jones
1115 Jones Street
Port Huron, Michigan

Dear Mrs. Jones:

Within the next 30 to 60 days the Federal Reserve Board is expected to impose definite regulations on all 30 day charge accounts as a further means of checking credit inflation.

Although it is the patriotic desire of everyone to cooperate with the Government in such measures, it is bound to create a serious inconvenience to the buying public, especially to those people whose accounts are more than 40 days past due at the time the regulations become effective.

Your account amounts to \$23.93 all of which is past due in that it represents the amount owing on merchandise charged to your account during the months of January and February 1942.

If for any reason you cannot pay us the over-due balance soon, we request you call on the writer within the next few days to discuss a method of settlement.

Very truly yours,

WINKELMAN'S

D. C. King
D. C. King
Credit Manager

fc

James McCreery & Co.

5th Avenue
McCreery
New York

TELEPHONE
WISCONSIN 7-7000

2

March 6, 1942

Mr. R. A. Royal
2832 Blank Street
New York City

Dear Mr. Royal:

Thank you for your recent application for a charge account.

We would very much like to have any additional data that possibly you did not give at the time of making application.

May we therefore suggest that you write us or call at our credit office to discuss this matter at your convenience.

Your application will of course be held until you give us the opportunity to hear from you.

Very truly yours,
JAMES McCREERY & CO.

N. Koenig

Ass't. Credit Manager

W.K.M.

Mr. John D. Customer
Anywhere, America

Dear Mr. Customer:

VICTORY--so that the American way of life may continue--is the BIG order of the day. War production is paramount. This will mean many regulations affecting the lives of all of us, and there will be many demands for money--taxes, Defense Bonds, increased cost of living, etc.

Today, business must adhere to a definite sales and payment policy, for conditions are abnormal, uncertain, and changes occur daily. In order to continue to sell nationally advertised merchandise on credit, and to protect your interests by assuring you of a definite source of goods at the lowest possible price, and the lowest possible terms, we must re-assess and adhere to our ninety-day payment policy.

Today, we must carry a heavier stock of goods; must order months in advance; and must pay immediately. We, in turn, must depend on our customers for prompt payment. You can help in this program by promptly paying your account. Your cooperation will be appreciated, as is the business you have favored us with, and we look forward to continuing our mutually satisfactory relations.

Very truly yours,
M. Dugay
Credit Sales Manager

MD:dh

* MICKEY-FREEMAN AND HART-SCHAFFNER & MARX CLOTHES *
FLORENCE AND FREEMAN SHOES - STEPHEN AND BORISLAW HATZ - ARROW AND MANHATTAN SHIRTS
INTERWOVEN HOSIERY

Meetings
ELECTIONS

NEWS ITEMS

Personal and
OTHERWISE

Frawley Joins Air Force

Thomas F. Frawley, Jr., for the past six years Credit Manager of Oppenheim Collins, New York City, reported for service to his country on May 9 as First Lieutenant in the U. S. Army Air Force. He received his commission late in April, although he had originally applied for a commission as a reserve officer in the Army Air Force in October, 1939. Lieutenant Frawley was a member of the Board of Directors of the Credit Bureau of Greater New York for several years and very active in all credit functions. He has been succeeded in his position by Howard E. Armstrong, former Credit Manager of McCreery's, New York City.



Noble R. Jones in New Position

Noble R. Jones, Manager Savings Department, First National Bank in St. Louis, and former President, Savings Division, American Bankers Association, has retired under the bank's retirement plan. He served as an officer of the bank for many years and has long been active in civic affairs. Mr. Jones, however, desiring continued business activity, has been elected Vice-President of the Commercial Rating Company of St. Louis, of which he was one of the founders.

Breakfast Club Organized at Plattsmouth, Neb.

Elected officers of the newly organized Credit Women's Breakfast Club of Plattsmouth, Neb., are: President, Mrs. Lillian Livingston; Vice-President, Eula Potts; Secretary, Ann Hassler; and Treasurer, Mrs. Jerry McCord.

Regulation W Handbook

The Layman's Handbook of Regulation W is the title of a new booklet which the National Retail Credit Association will publish early in July. Containing a complete treatment of Regulation W, as revised May 6, its three divisions will explain the new rules in clear, non-technical language, and will contain the answers to questions that puzzle credit granters. A feature will be the treatment of charge accounts with suggestions on authorization and collection follow-up under the new regulations. Samples of all necessary forms will be included together with copies of collection letters that can be used to advantage. Finally, a complete reference index will provide speedy access to any fact. Price to members, fifty cents, with a discount of ten per cent allowed on all orders received by the National Office before July 1st.

District Nine at Colorado Springs

The annual meeting of District 9 was held at Colorado Springs, Colo., April 19, 20 and 21. According to reports it was an informative and interesting Conference, and the attendance was over 200. Following are the officers and directors elected for the ensuing year: President, Roderick E. Langton, Salt Lake Tribune Publishing Co., Salt Lake City; Vice-President, LeRoy Rosvall, Neusteter Co., Denver; and Secretary-Treasurer, Giles F. Foley, Denver National Bank, Denver. Directors: L. E. Mitchell, Strang Garage Co., Colorado Springs; Harold M. Symons, Harold M. Symons Auto Co., Cheyenne; Chris Jensen, Crews-Beggs Dry Goods Co., Pueblo; Fred White, Albuquerque National Trust & Savings Bank, Albuquerque; J. W. Valentine, Valentine Hardware Co., Boulder; and Claude Surrage, Sterling Furniture Co., Ogden.

Roderick E. Langton was elected National Director, and Chris Jensen, Alternate National Director.

Idaho Credit Conference

Southern Idaho's second regional conference was held in Twin Falls, Idaho, April 12 and 13. Over 100 credit granters attended the meeting at which the principal speakers were: Walter Jensen, Executive Secretary of the Associated Credit Bureaus of the Pacific Northwest; Thomas McCormick, Credit Manager of Falk Mercantile Co. Ltd., of Boise; and Loyal I. Perry, Assistant Cashier of the Fidelity National Bank, Twin Falls, who addressed the conference banquet.

Positions Wanted

CREDIT MANAGER: Experienced department store credit manager in Southwest, interested in change. Age 37, married, dependents. In present position over 10 years. Experience and qualifications will withstand most thorough investigation. Address Box 54, CREDIT WORLD.

LOAN EXECUTIVE: Experienced in automobile, furniture, machinery and personal loans. Married, two children, college graduate, age 38. Address Box 55, CREDIT WORLD.

CREDIT AND COLLECTION MANAGER: 43, married, 15 years' experience with chain and independent men's stores. Now employed, seeking better position. College education, legally trained. Capable taking complete charge any size operation. Address Box 61, CREDIT WORLD.

CONTROLLER OR STORE MANAGER: 46 years of age, married, excellent health, fifteen years' successful retail experience. References. Address Box 62, CREDIT WORLD.

Mr. Credit Executive . . .

... Credit Executive ...
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This Aging Accounts Form No. 721 (reproduced below) is 11" x 14", has a column for names and addresses, and seven columns for showing "Present Balance," "Current," and amounts outstanding over 1, 2, 3, 4, and 6 months. Also a wide column for remarks or collection memoranda.

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NATIONAL RETAIL CREDIT ASSOCIATION

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NAME OF FIRM

MONTH OF _____ 19____

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Form 731—National Retail Credit Association—Saint Louis

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